Seamlessly connecting our customers to a better life

Telkom SA SOC Ltd

Interim Results Presentation

For the six months ended 30 September 2024

Disclaimer

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Many statements in this document and verbal statements that may be made by Telkom or officers, Directors or employees acting on Telkom's behalf constitute or are based on forward-looking statements.

All statements, other than statements of historical facts, including, among others, statements regarding our strategy, future financial position and plans, objectives, capital expenditure, projected costs and anticipated cost savings and financing plans, and projected levels of growth in the communications market, are forward-looking statements. Forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", "is designed to" or similar phrases. However, the absence of such words does not necessarily mean that a statement is not forward looking.

Forward-looking statements are subject to several known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to be materially different from historical results or any future results expressed or implied by such forward-looking statements. Factors that could cause our actual results or outcomes to differ materially from our expectations include, but are not limited to, those risks identified in Telkom's most recent integrated report available **at https://group.telkom.co.za/ir/.**

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Unless we are required by law to update these statements, we will not necessarily update any of these forward-looking statements after the date of this document so that they conform either to actual results or to changes in our expectations.

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Content

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Serame Taukobong
Group Chief Executive Officer

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H1 FY25 Highlights

Strategy drives performance

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- Solid data revenue growth driven by compelling data propositions
- Cost optimisation programmes yielding results
- Significant improvement in net debt to adjusted EBITDA
- Sustained positive free cash flow
- Telkom Retirement Fund successfully converted to defined contribution fund
- Smart capex investment and monetisation of our infrastructure
- Execution on disposals of non-core assets

Solid group financial performance driven by data-led strategy

Telkom

Summary of adjusted financial results for continuing operations

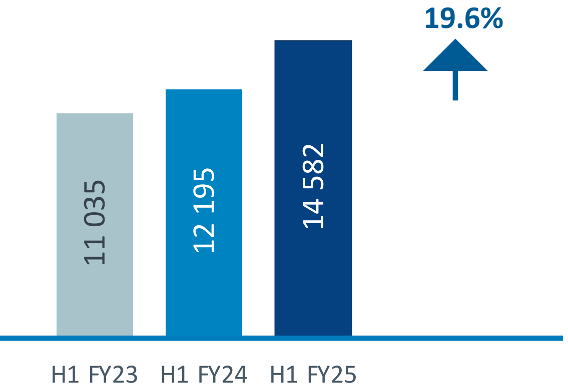
Revenue growth	Group revenue **+1.9%**	Mobile data revenue **+12.7%**	Fibre data revenue **+15.5%**
Earnings	Adjusted EBITDA +18.3% **R5 606m**	Adjusted EBITDA margin +3.6ppts **26.2%**	Adjusted HEPS +68.0% **262.6c**
Balance sheet strength	Net debt to adjusted EBITDA **1.3x**	Interest cover **5.9x**	Net debt **-12.4%**
Other financial measures	Adjusted profit after tax **+80.3%**	Positive Free Cash Flow **R768m**	Capex intensity **11.9%**

Strong operational performance driven by data-led strategy

Telkom

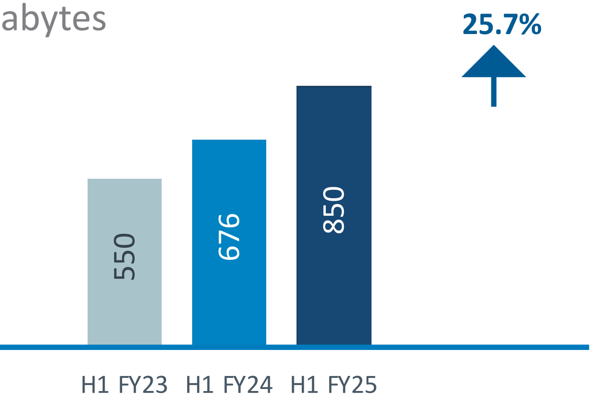
Mobile broadband subscribers

'000

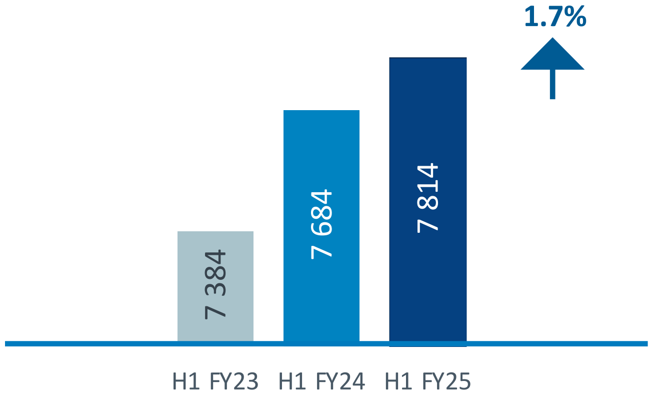


Mobile broadband traffic

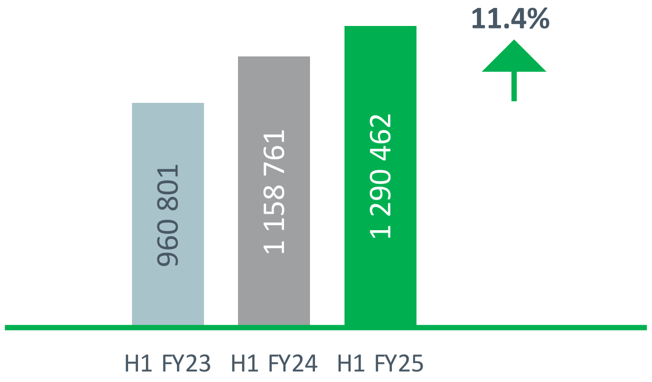
Petabytes



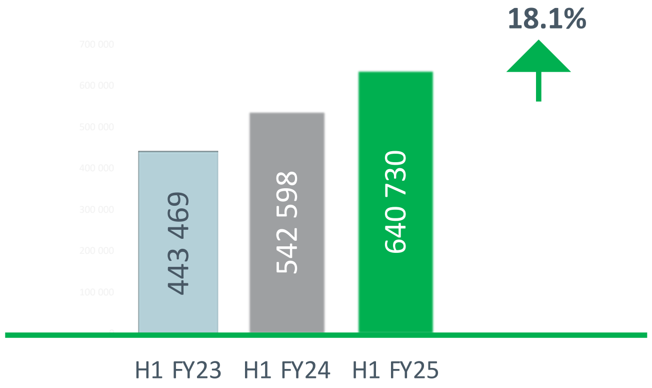
Mobile sites integrated



Fibre homes passed

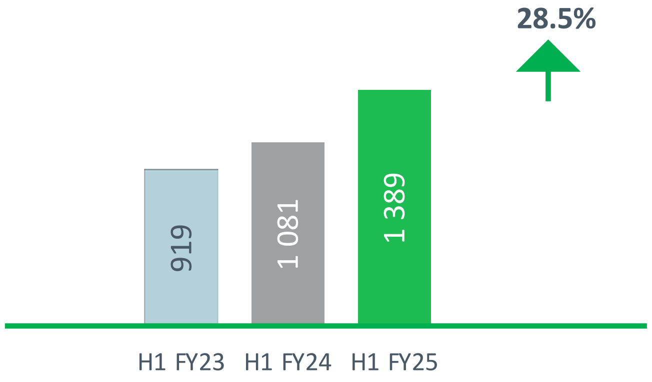


Fibre homes connected



Fixed line broadband data consumption

Petabytes



[1] *Annual Consumer Price Index as at 30 September 2024*

Execution on disposals of non-core assets

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Disposal of non-core assets

- **R204 million** realised from property sales
- **39 properties** with estimated R731 million sales value in conveyancing process

Swiftnet disposal progressing well

- **Competition Tribunal approval** received in September, following Competition Commission recommendation to approve transaction
- Tribunal conditions accepted by Purchaser
- Awaiting **ICASA** approval for license transfer to Purchaser

Group ESG Highlights: Building resilience through sustainability

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1.58 GWh
renewable energy generated at Belville and Telkom Park, contributing to energy transition

450 820
SMMEs with presence on our YEP digital marketplace aimed at growing and enhancing reach for local businesses

34%
female representation at management/ leadership roles in our permanent workforce

376 tonnes
of copper recovered from our network for recycling

955 +
network sites installed with lithium-ion batteries for primary backup during power outages

257
Openserve sites generating renewable energy

- *Numbers have been rounded off*
- *4.2% annual LARR (Linear Annual Reduction Rate) reduction target for carbon emissions*

Business Units Reviews

2

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Consumer

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A milestone for Telkom Mobile – Possible Begins Here

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Best Mobile Provider in South Africa
- 2024/25 Ask Afrika Orange Index – benchmark of customer service excellence

Positive customer experience on our network

High pre-paid growth and steady ARPU
- +29.1% pre-paid subscriber growth
- CVM investment and Monice drive
- Deep segmented data proposition

Compelling value propositions

Data-led network
- High 4G & 5G device penetration – 93%
- Continuous strengthening of coverage and reach – further sub 1GHz deployments
- No legacy 2G network

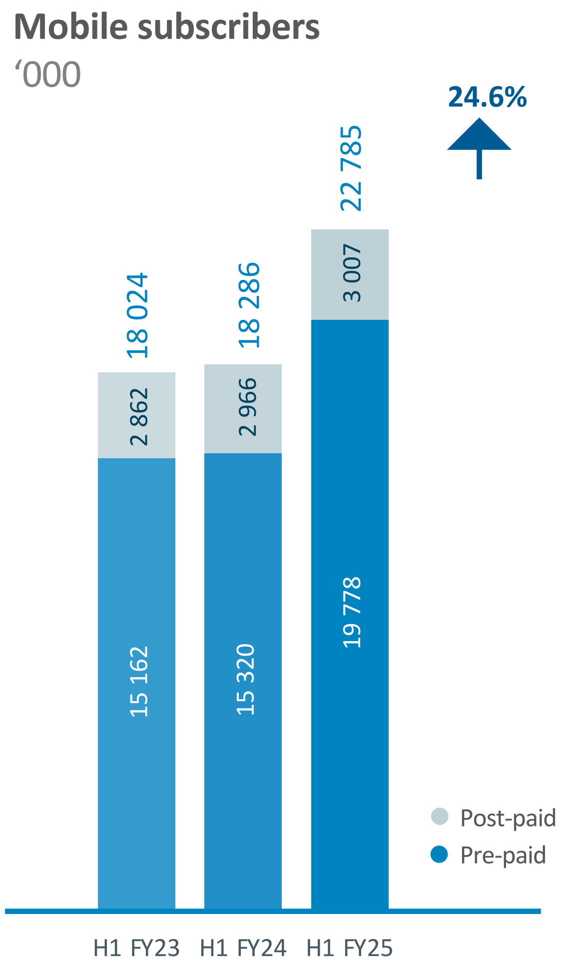
Best positioned to benefit from 2G/3G migration

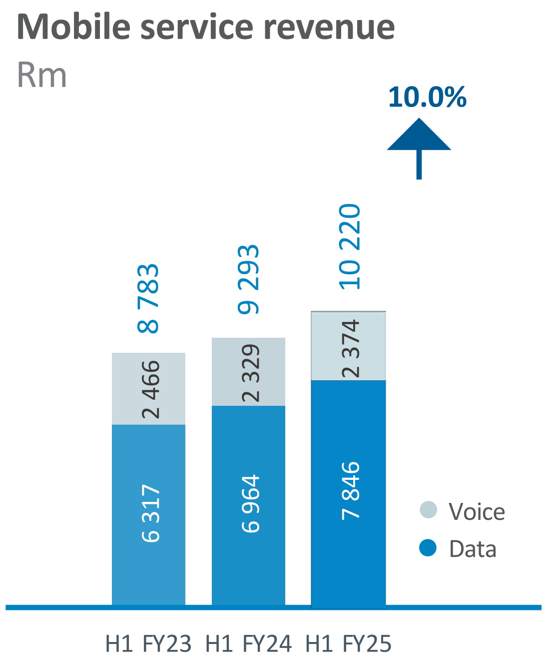
Post-paid stable
- Postpaid ARPU growth
- Flex-on sim only attractive data propositions

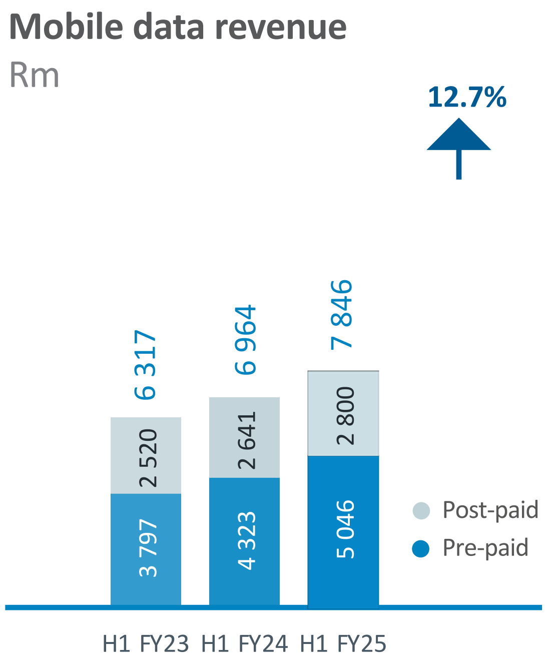
FLEXON 2

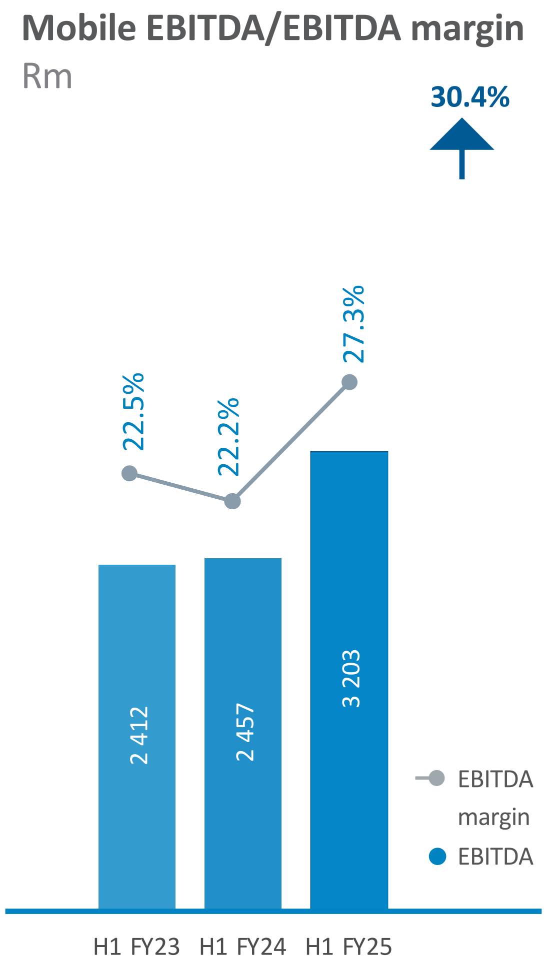
Mobile service revenue growth ahead of market

Telkom Consumer









Growing customer base with growing post-paid ARPU

Pre-paid ARPU of R61 | **Post-paid ARPU of R186**

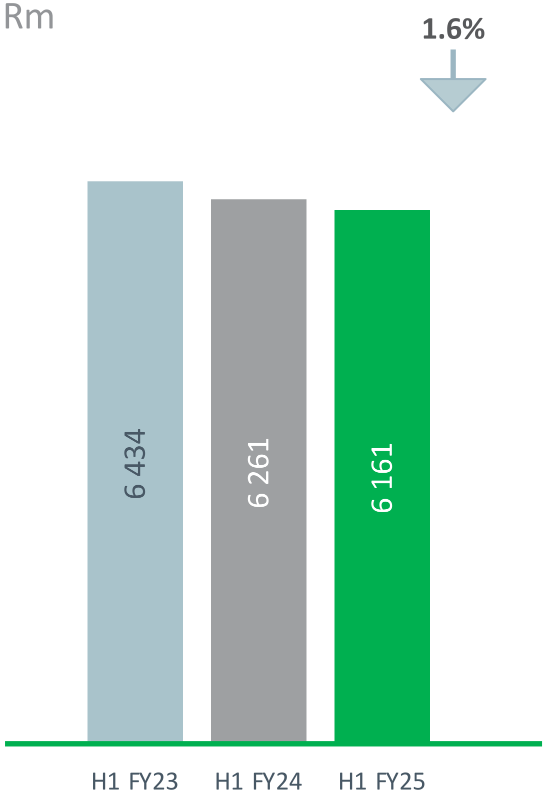
openserve

Seamlessly connecting our customers to a better life

Continued growth in NGN revenue and improved EBITDA margin driven by network modernisation

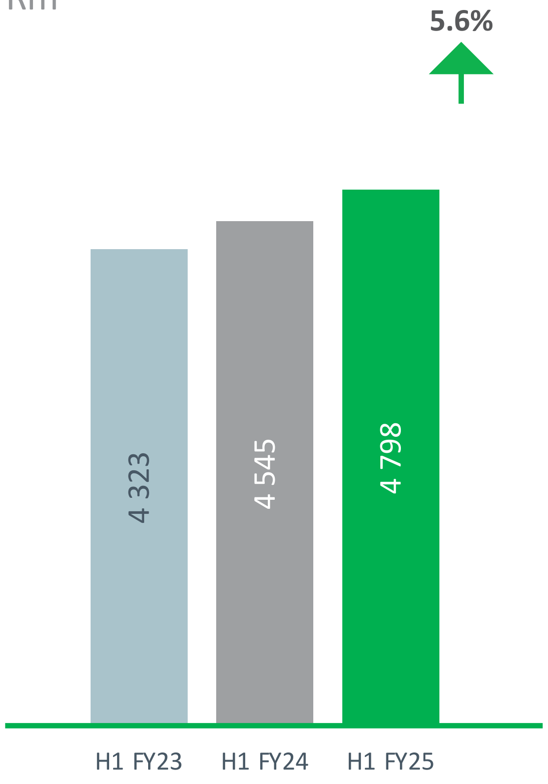
Revenue

Rm

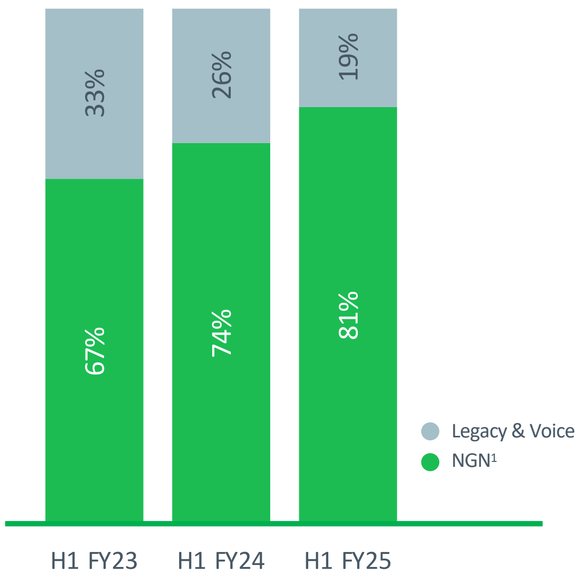


NGN Revenue[1]

Rm

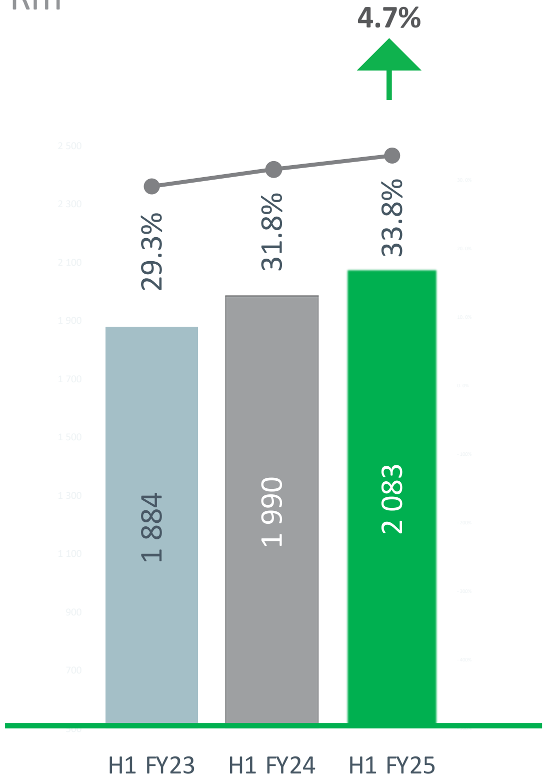


Operating Revenue contribution



EBITDA/EBITDA margin

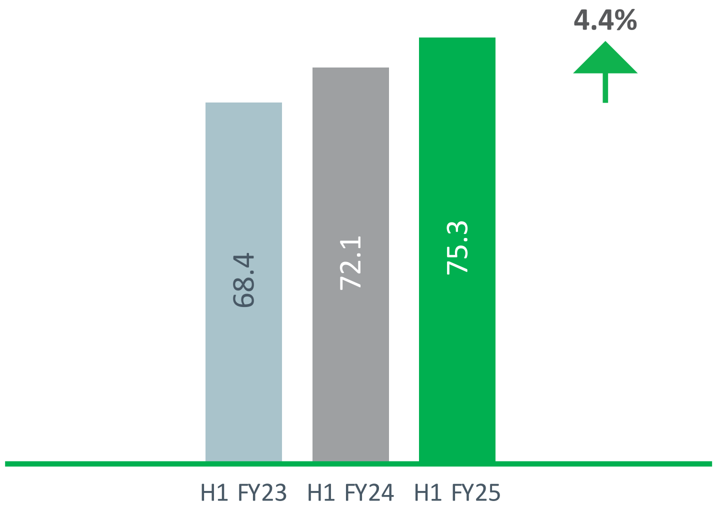
Rm



[1] *Inclusive of Satellite Services and Interconnect Revenue*

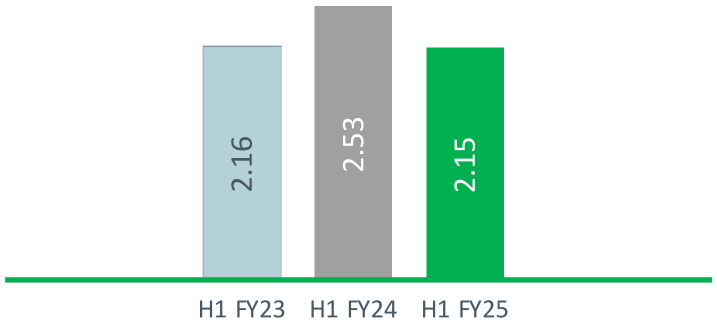
Transforming service delivery through our customer-centric approach and high availability of network

Net Promoter Score (NPS)

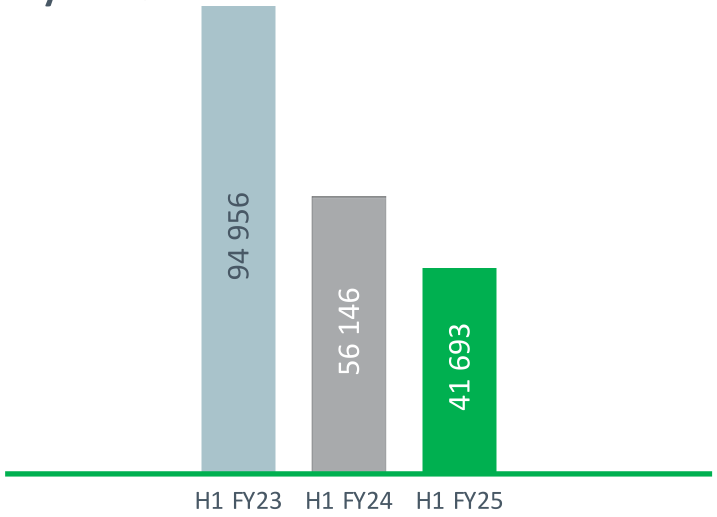


Fibre Broadband Average Time to Install – improved by 15.0%

Days



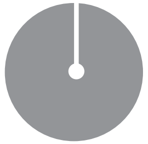
Assurance Visits – improved by 25.7%



Broadband Access Availability

99.95%

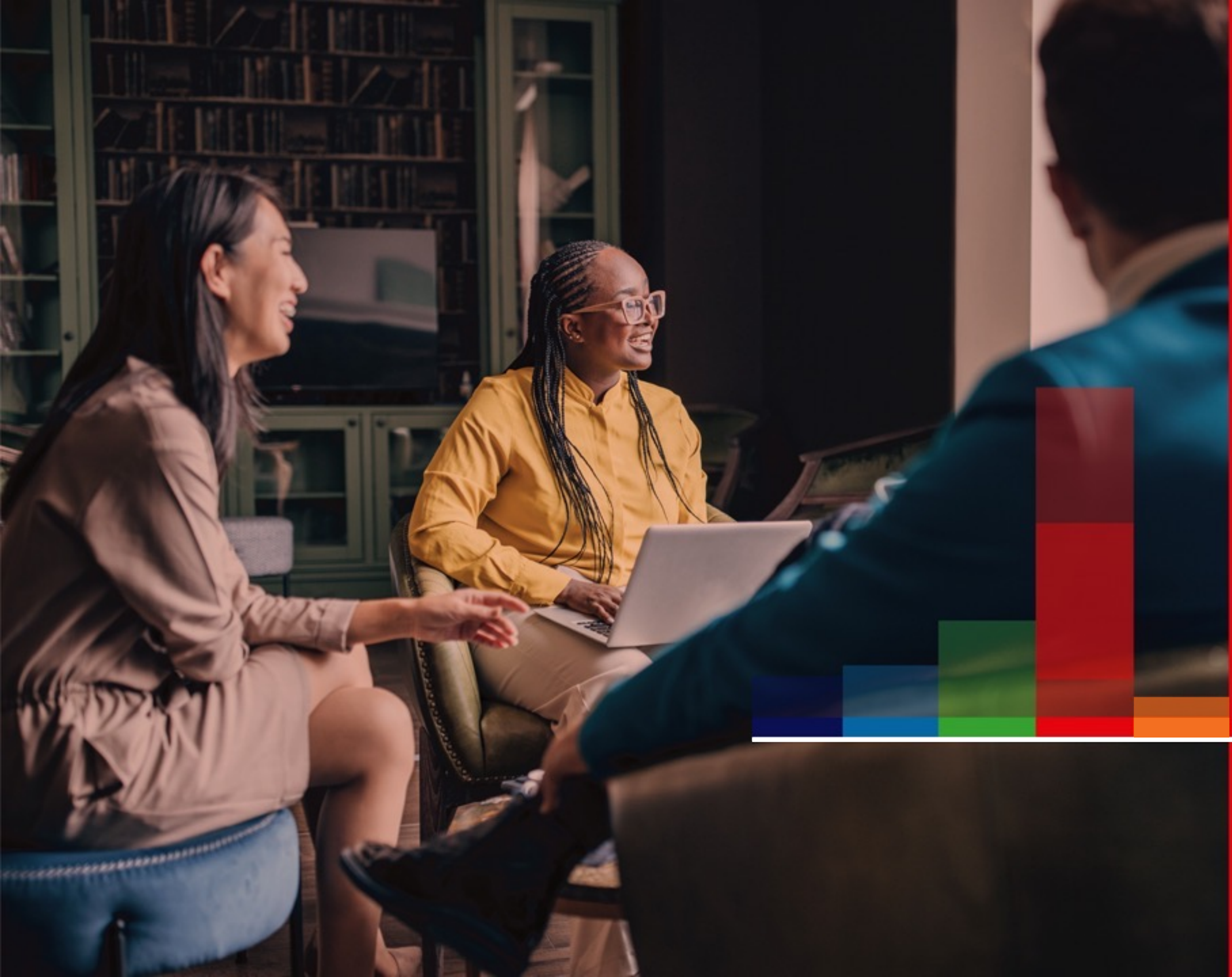
Transport Availability



99.92%

Core Availability

99.99%



BCX

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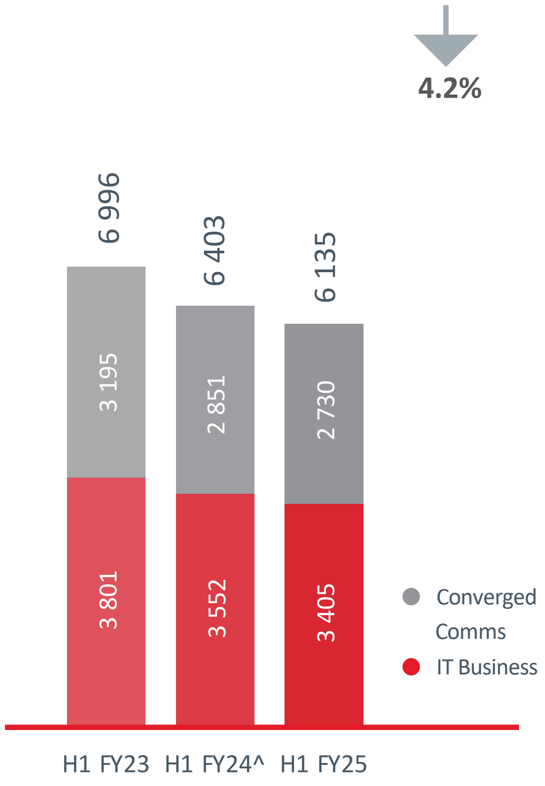
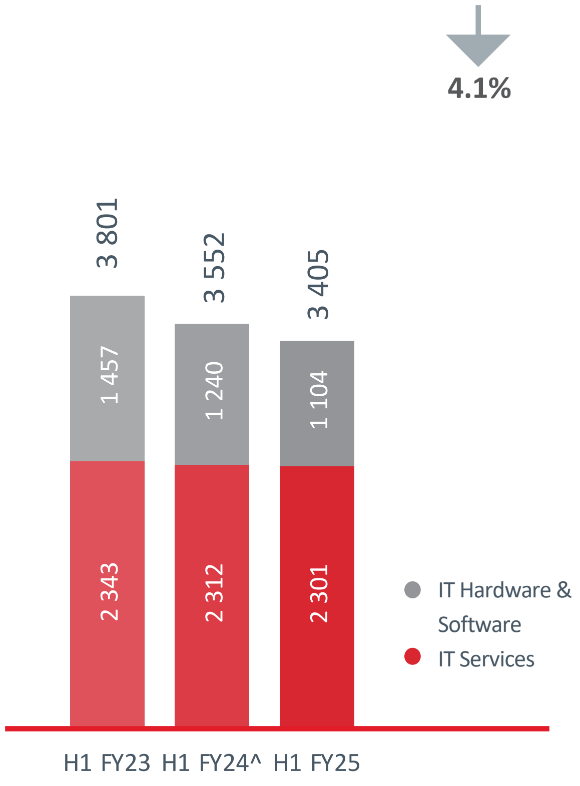
BCX programme focuses on reducing operational costs and improving revenue mix

BCX

Revenue
Rm



IT Business revenue
Rm



Adjusted EBITDA & adjusted EBITDA margin
Rm

Programme focus
- Grow IT services revenue and improve margin
- Cost containment & rightsizing – ~400 people exited
- Portfolio optimisation and sales effectiveness
- Protect converged comms revenue through phased migration

^ *Restated for IFRS 15 agent accounting adjustment*
^^ *Excludes the provision of R157 million restructuring cost*

Gyro

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Disposal of decommissioned properties accelerated

Accelerated disposal of non-core properties

- R204 million cash proceeds from sale of 30 properties
- Two public auctions yielded further 26 property sales
- 39 properties in conveyancing process with approximately R731 million sales value

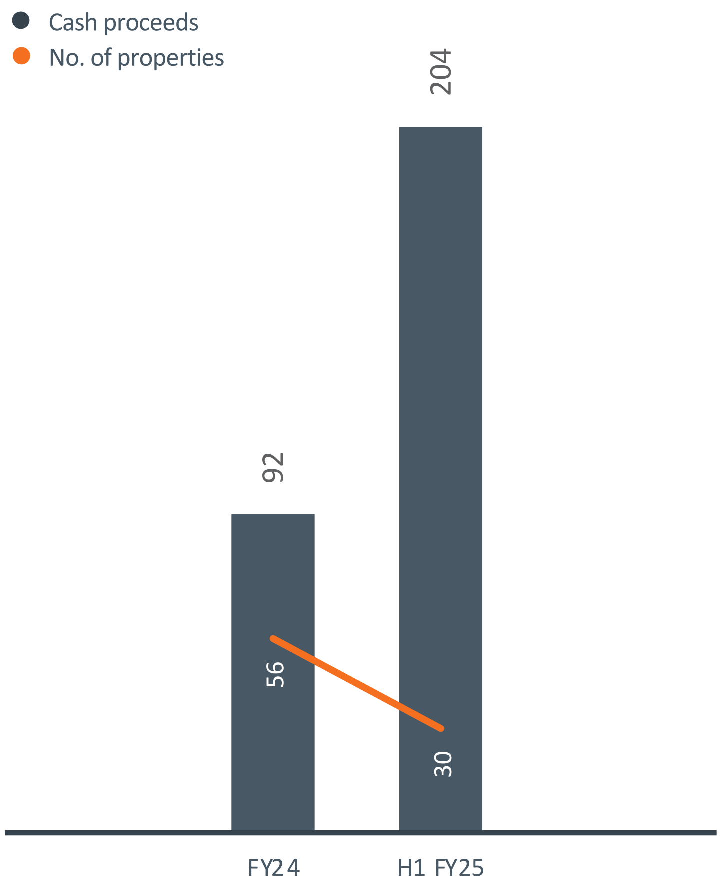
Enhancing operational efficiencies

Enhanced energy resilience for Telkom networks and operations

- Optimising utilities and energy costs
  - Diversification of energy sources
- Scope 1 and 2 emissions reduced by 17%

Completed property sales

Rm



swiftnet

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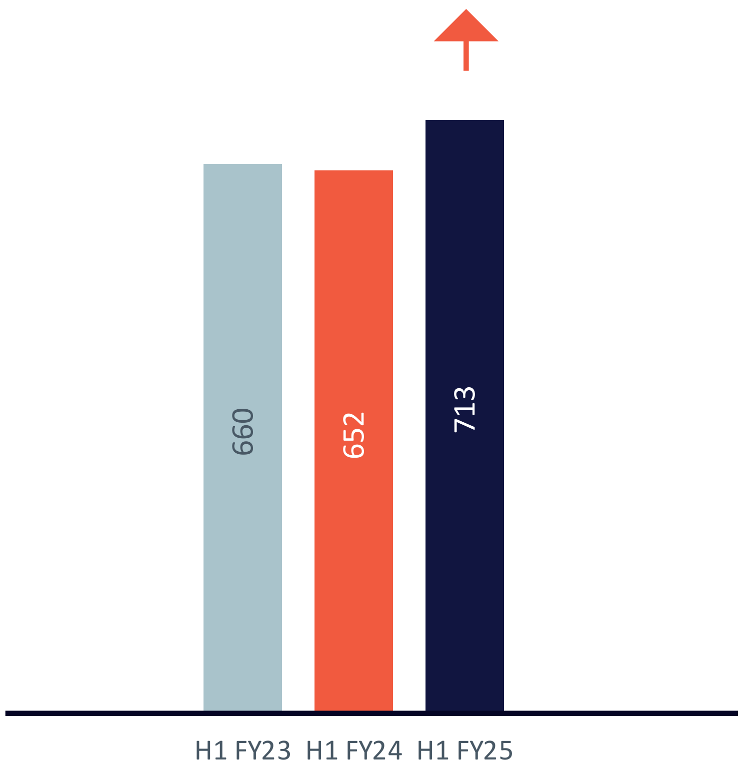
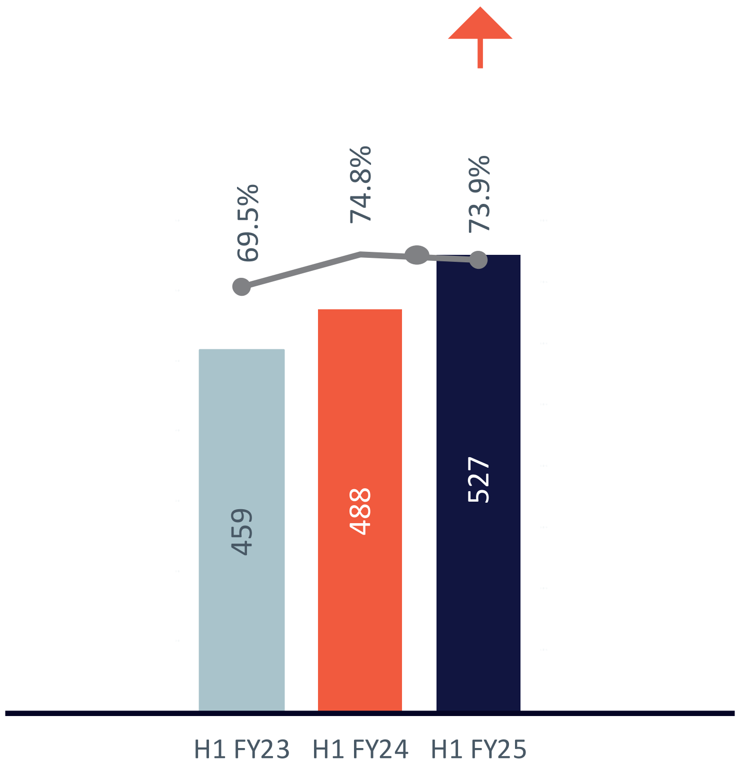
Swiftnet stable revenue growth and productive portfolio

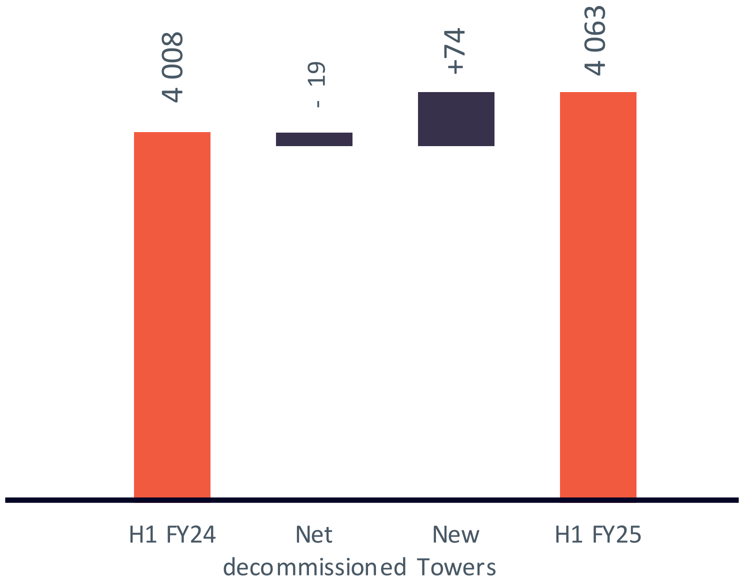
Revenue
Rm



EBITDA & EBITDA margin
Rm



Productive portfolio growth
(# of sites)



In the prior year, Swiftnet was classified as a non-current asset held for sale and presented as a discontinued operation in the Group statement of profit or loss and other comprehensive income.

1: 74 New Towers is comprised of 63 towers and 11 IBS

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Financial Review

3

Nonkululeko Dlamini
Group Chief Financial Officer

Robust and steady operational performance produced a good set of interim results

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Service revenue growth

Solid revenue growth from mobile, fibre related data & Information technology services

Cost optimisation programme

Yielding results

Positive FCF

Improved operational performance and a measured approach towards capex

Net debt to adjusted EBITDA

Significant improvement

Debt reduction

Improves finance charges

Derisking the balance sheet

Converting the TRF from a defined benefit to a defined contribution plan

Non-core assets monetised

Positively contributing to a strong liquidity position

Swiftnet classified as held for sale

The transaction has progressed and awaiting ICASA approval

Telkom Retirement Fund (TRF) successfully converted from defined benefit to defined contribution

Telkom

Balance sheet derisked in line with best practice

Regulatory approval for the rule change received in the first half of FY25

Financial position

- Derecognition of the TRF liability of **R42.3 billion.**
- The liability is fully funded by assets of **R42.6 billion**, which was also derecognised.

Statement of profit or loss

The derecognition results in a negative financial impact of **R618 million**, consisting of:

- The asset restriction that would have been accounted for in other comprehensive income of **R288 million**.
- The **R330 million** provision that Telkom will pay to the TRF in connection with the derecognition.

Statement of cash flows

- A once-off payment into the fund of **R330 million** expected in H2 FY25.
- Cash flows not directly impacted as the payment is funded through an annuity issued in a Cell Captive.

Financial impact of derisking, a significant contributor to the difference between reported and adjusted results.

Continued progress on strategy execution has delivered an 18% increase in adjusted EBITDA

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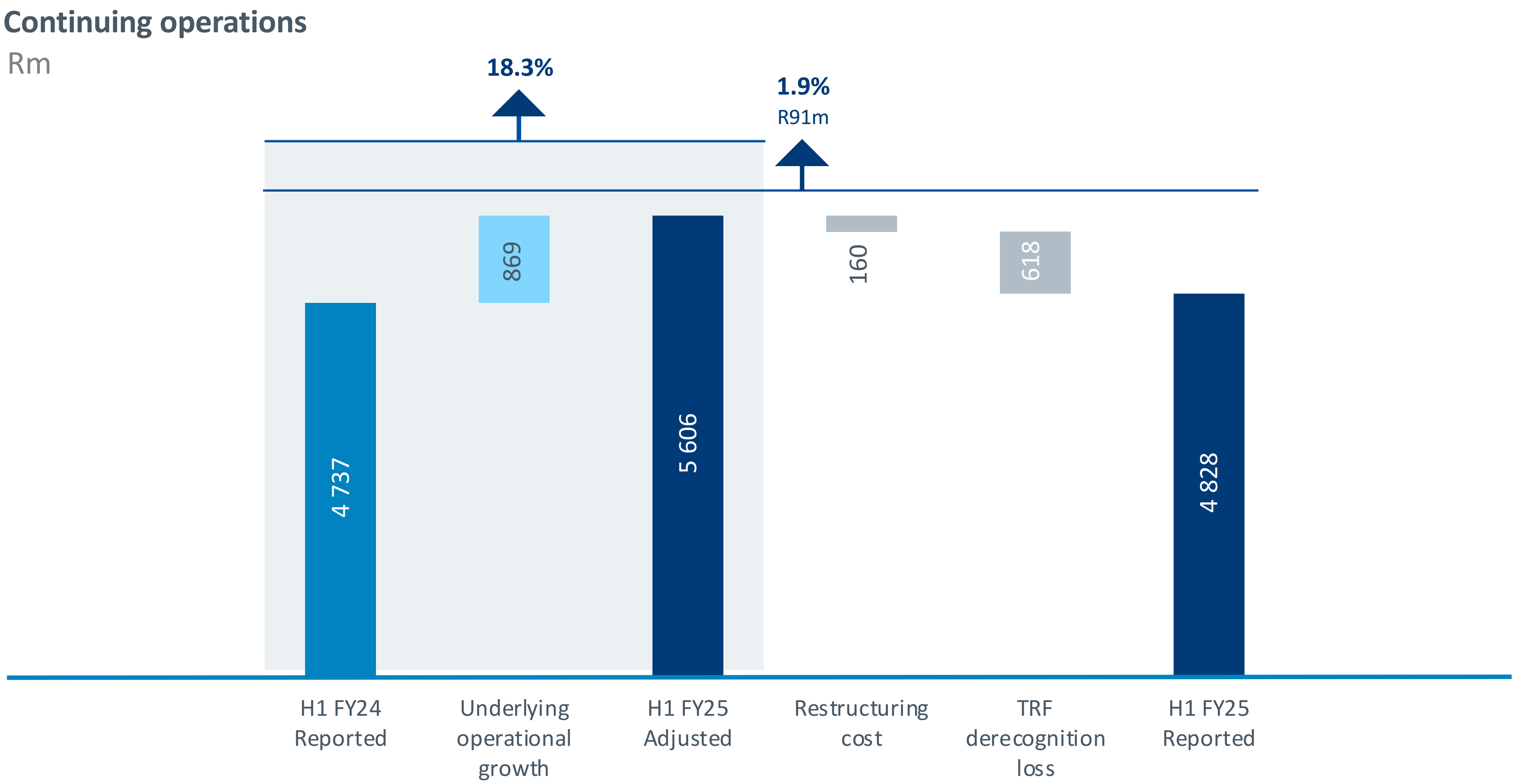
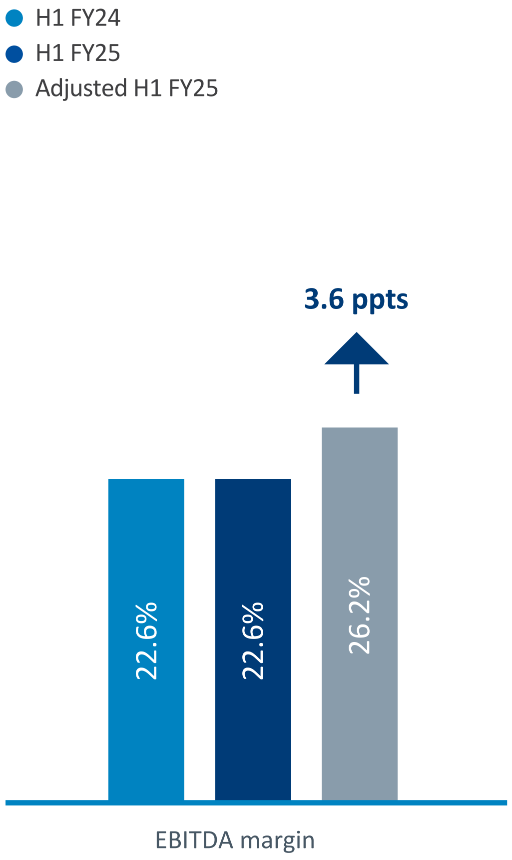
Adjusted EBITDA reconciliation





Improved underlying Group financial performance driven by operations

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Continuing operations

Group revenue[1]	Adjusted EBITDA[2]	Adjusted EBITDA margin[2]	Adjusted BEPS[2]	Adjusted HEPS[2]	Free cash flow[3]	Net debt to EBITDA[2]
up by **1.9%** to	up by **18.3%** to	up **3.6 ppts** to	up **78.9%** to	up **68.0%** to	up by **34.0%** to	reduce **0.5x** at
R21.4 billion	**R5.6 billion**	**26.2%**	**288.9 cents** per share	**262.6 cents** per share	**positive R768 million**	**1.3x**

Adjusted profit after tax[2] increased 80.3% to R1.4bn

1 Revenue was restated for the IFRS 15 prior period error.

2 Excludes the impact of the restructuring cost of R160 million and the Telkom Retirement Fund derecognition loss of R618 million.

3 Free cash flow growth excludes R1 051 million paid for restructuring cost in H1 FY24.

Data-led strategy remains key and we will continue to invest in these revenue growth area

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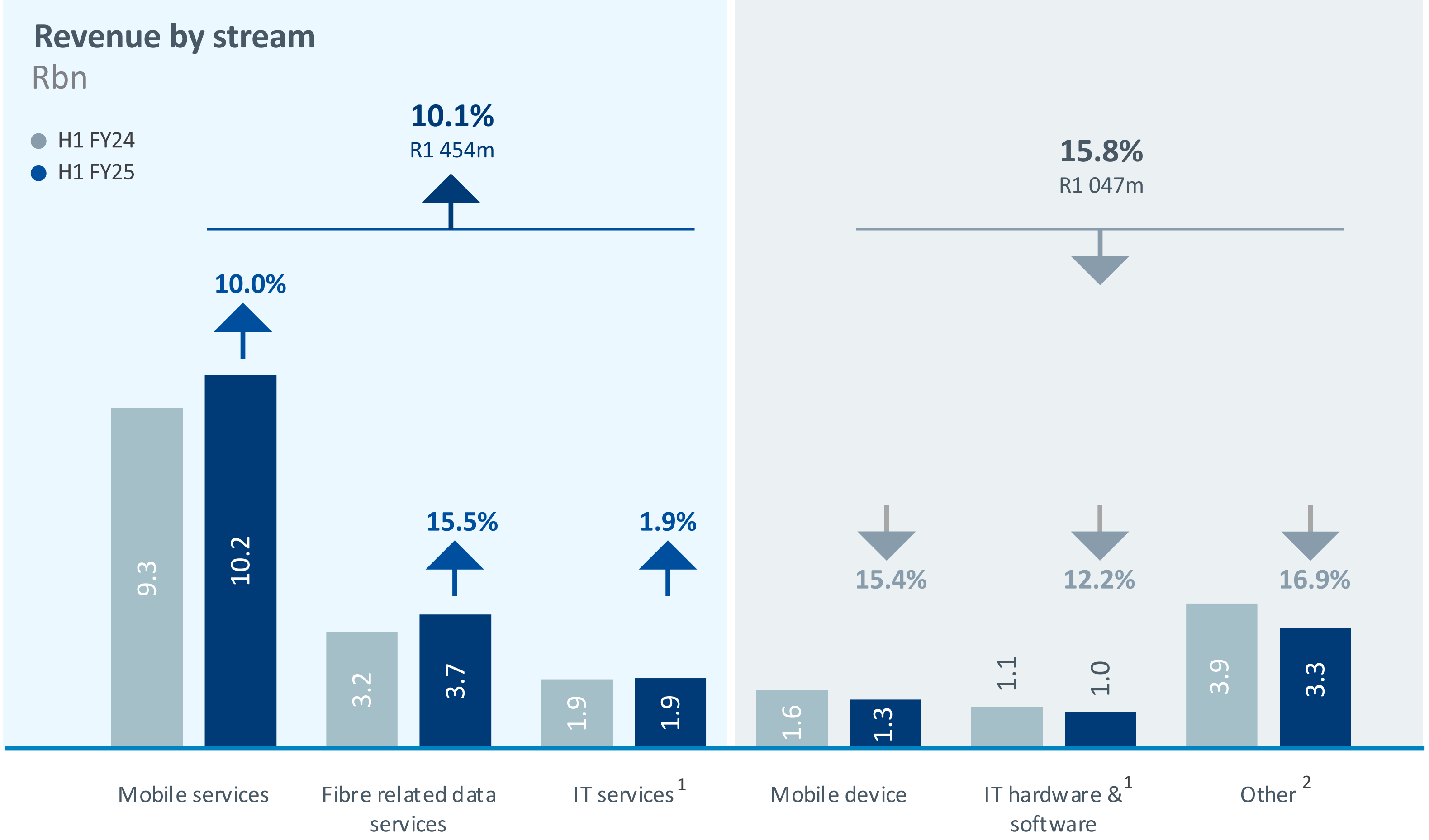
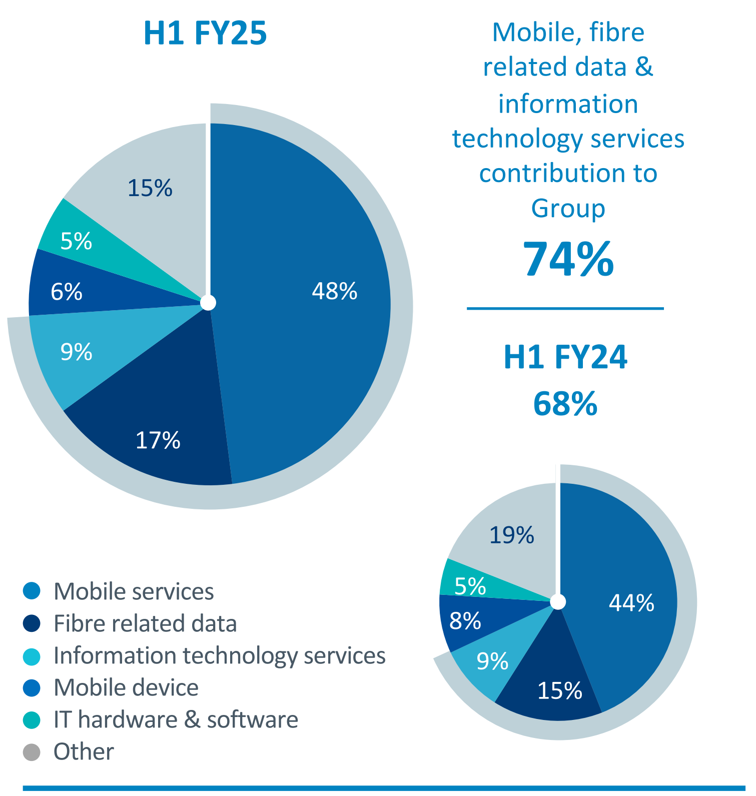
Continuing operations





1 *Revenue was restated for the IFRS 15 prior period error.*
2 *Includes fixed voice and interconnection, customer premises equipment sales and rentals, sundry revenue, digital media sales, insurance and lease revenues*

Focused cost optimisation programmes are yielding results

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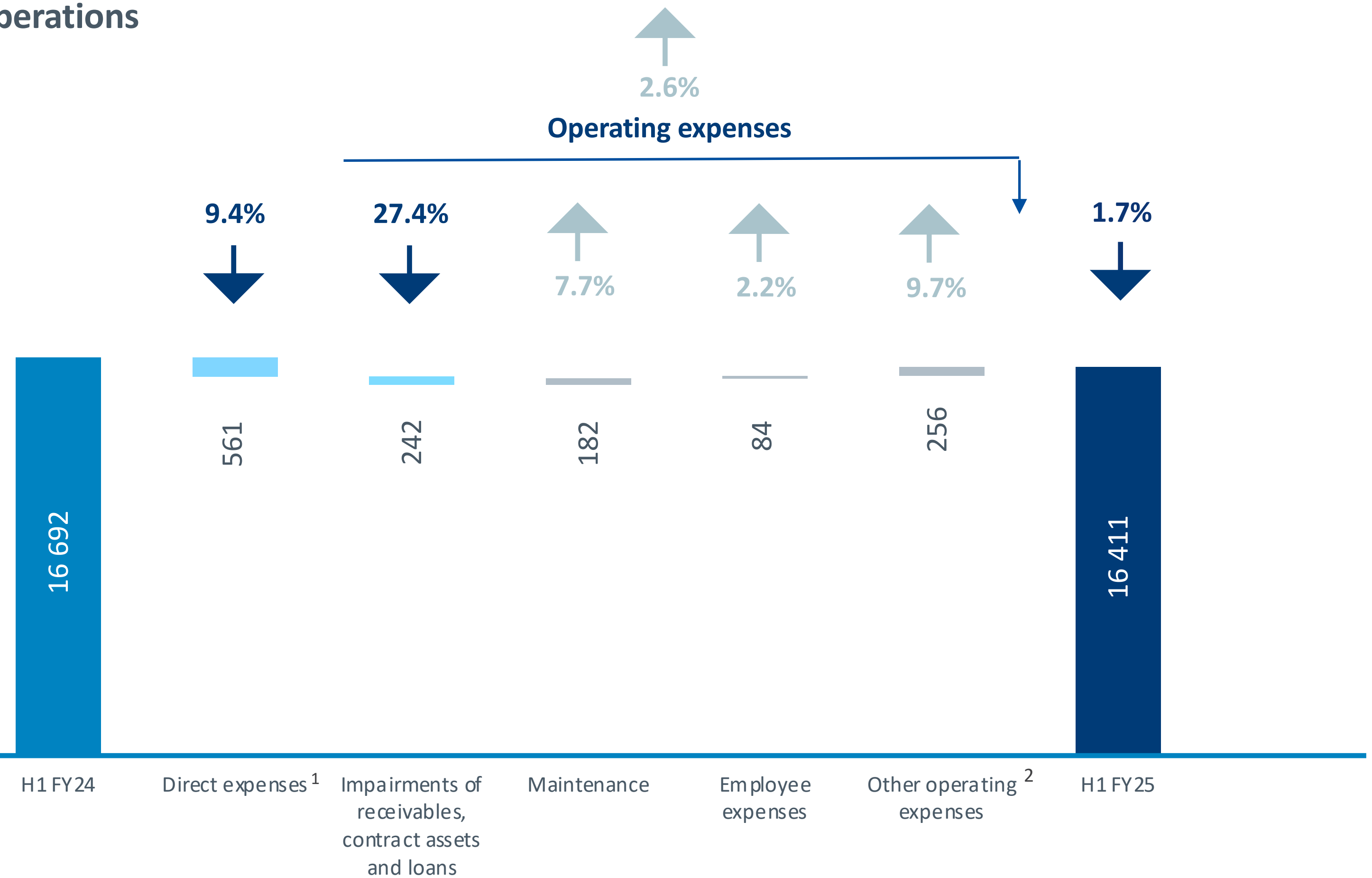
Total expenses

Continuing operations

Rm



1 *Includes cost of handset, equipment, software and directories, sales commissions and incentives and payments to other operators.*

2 *Includes insurance service expense, employee expenses, other expenses, marketing, service fees and lease-related expenses.*

Cost optimisation Initiatives

- Migration of traffic onto own network
- Managing direct and operational costs
- Network simplification
- Energy diversification
- Employee restructuring

Improvement in adjusted EBITDA driven by financial discipline and strategy execution

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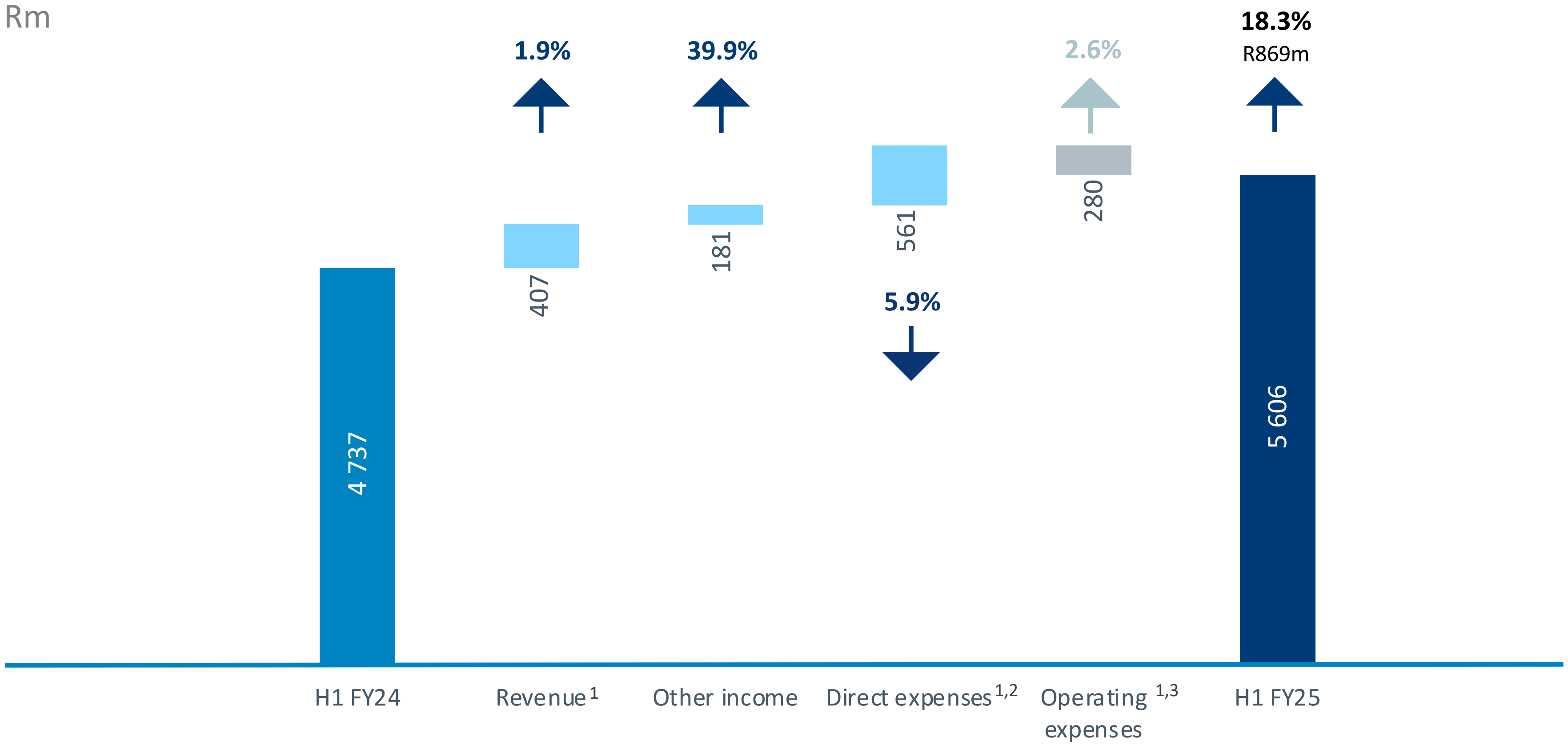
Adjusted EBITDA improvement

Continuing operations



Comments

- Revenue growth driven by service revenue growth of 10.1%.
- Other income is positively impacted by the gains from property sales in Gyro
- Payments to other operators decreased 22.4% and cost of sales from handset, equipment, software and directories decreased 14.1%
- Operating expenses increase is lower than inflation (3.8%)

[1] Revenue, direct expenses and operating expenses was restated for the IFRS 15 prior period error with no impact on EBITDA.
[2] Includes cost of handset, equipment, software and directories, sales commissions and incentives and payments to other operators.
[3] Includes insurance service expense, employee expenses, other expenses, maintenance, marketing, impairment of receivables and contract assets, service fees and lease-related expenses.

Adjusted Profit after tax improvement of 80.3%

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Continuing operations Rm	Reported H1 FY25	Restated H1 FY24	Variance %	Adjusted H1 FY25	Variance %
Revenue[1]	**21 382**	20 975	1.9		
EBITDA	**4 828**	4 737	**1.9**	**5 606**	**18.3**
EBITDA Margin	**22.6%**	22.6%	3.6	26.2%	3.6 ppts
Depreciation, amortisation, impairment and write-offs	**(2 943)**	(2 784)	(5.7)		
Operating profit	**1 885**	**1 953**	**(3.5)**	**2 663**	**36.4**
Investment income	**164**	74	121.6		
Finance charges and fair value movements	**(900)**	(975)	7.7		
Profit before taxation	**1 1 49**	**1 052**	**9.2**	**1 927**	**83.2**
Taxation	**(296)**	(264)	(12.1)	(506)	(91.7)
Profit for the period	**853**	**788**	**8.2**	**1 421**	**80.3**
BEPS (cents)	**173.2**	161.5	7.2	288.9	78.9
HEPS (cents)	**146.9**	156.3	(5.9)	262.6	68.0

Comments

- Depreciation, amortisation, impairments and write-offs increased 5.7%, mainly due to equipment upgrades that resulted in some of the existing equipment no longer being relevant and written off.
- Net finance charges and fair value movements down 7.7% benefitting from lower debt levels and a stable average cost of debt
- Investment income increased 121.6% attributable to higher cash balances

[1] *Revenue was restated for the IFRS 15 prior period error.*

Earnings growth on total operations

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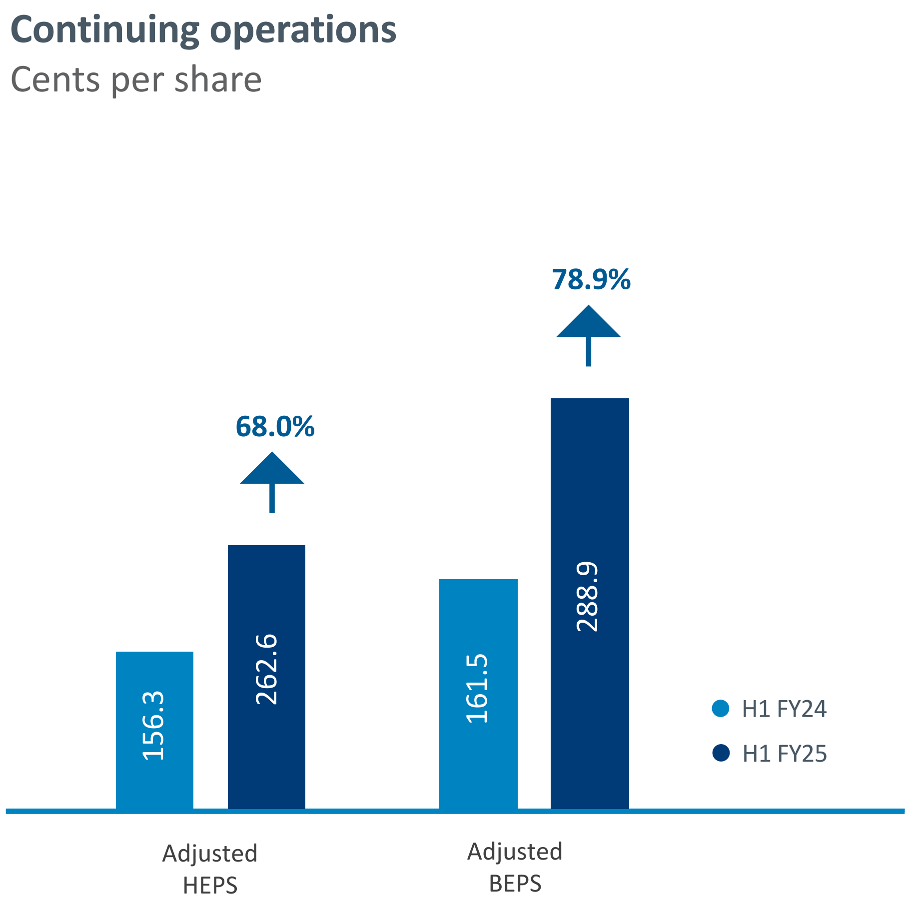
Continuing and discontinued earnings



Cents per share	Reported H1 FY25	Reported H1 FY24	Once-off adjustments H1 FY25	Adjusted H1 FY25
BEPS	**217.6**	**200.2**	115.7	**333.3**
Continuing	173.2	161.5	115.7	288.9
Discontinued	44.4	38.7	-	44.4
Property, plant and equipment and intangible assets	(26.1)	(5.2)	-	(26.1)
Net profit on disposal	(45.2)	(8.0)	-	(45.2)
Net write-offs and impairment	19.1	2.8	-	19.1
HEPS	**191.5**	**195.0**	115.7	**307.2**
Continuing	146.9	156.3	115.7	262.6
Discontinued	44.6	38.7	-	44.6
WANOS[1]	490 870 665	486 099 500		

[1] *Weighted average number of shares*

Focus on working capital management efficiencies

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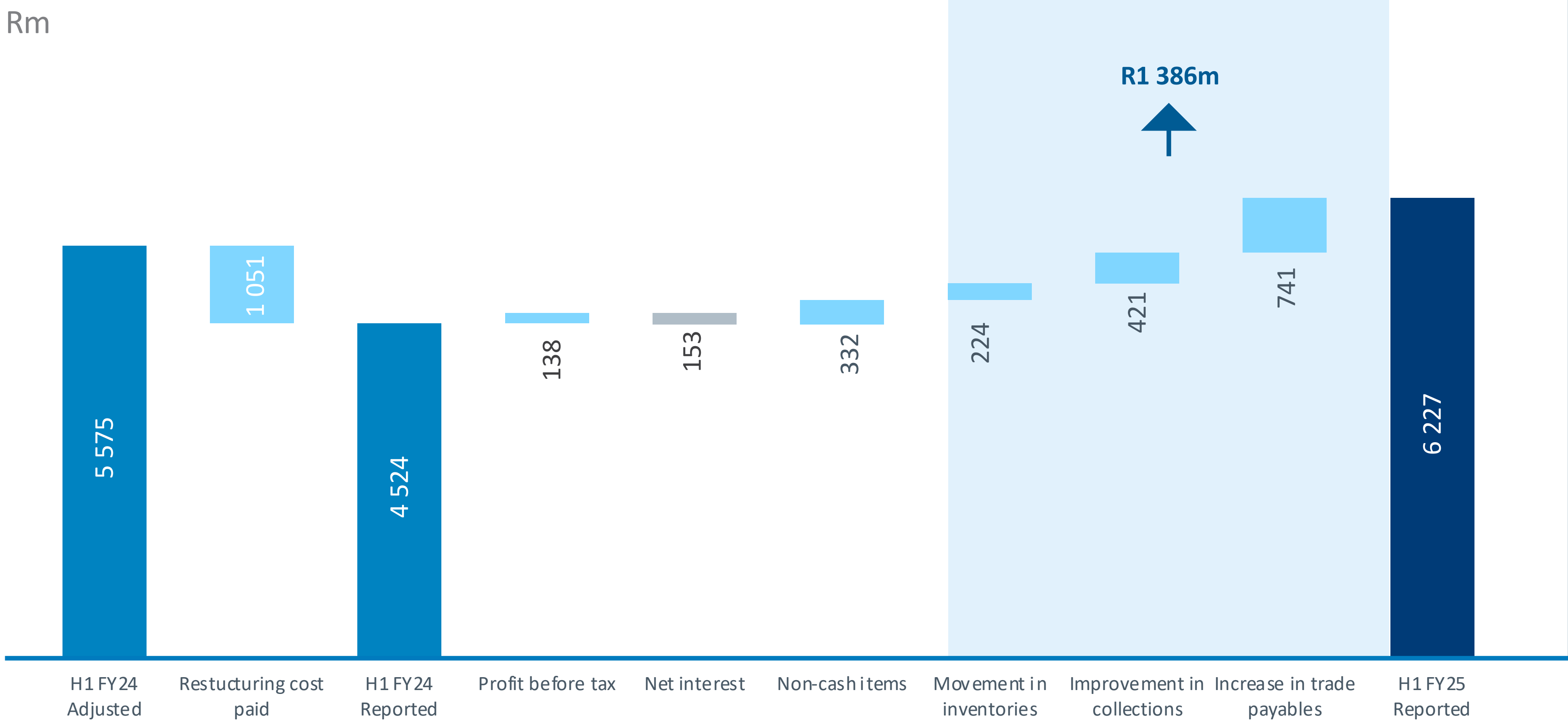
Movements in cash generated from operations

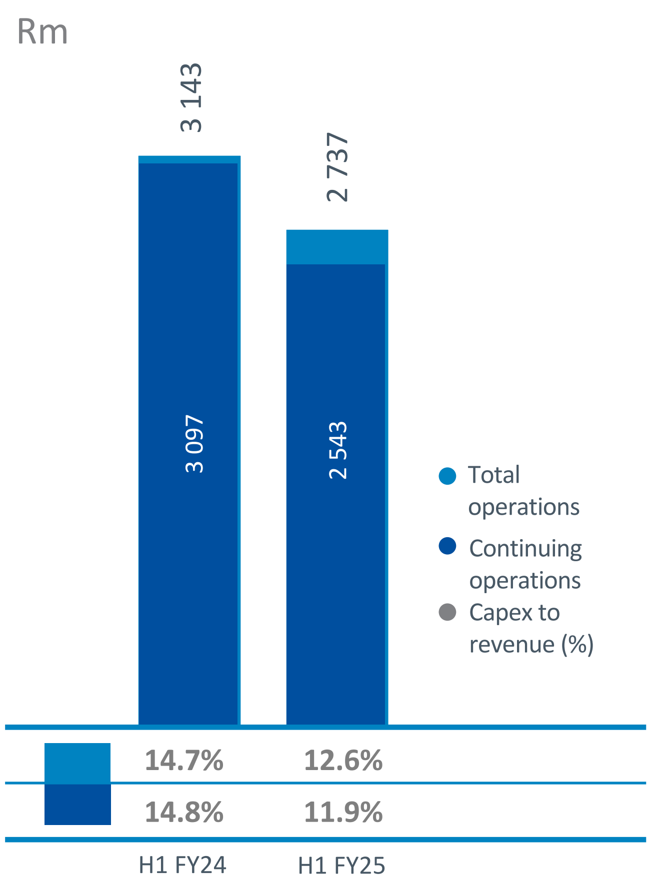


Comments

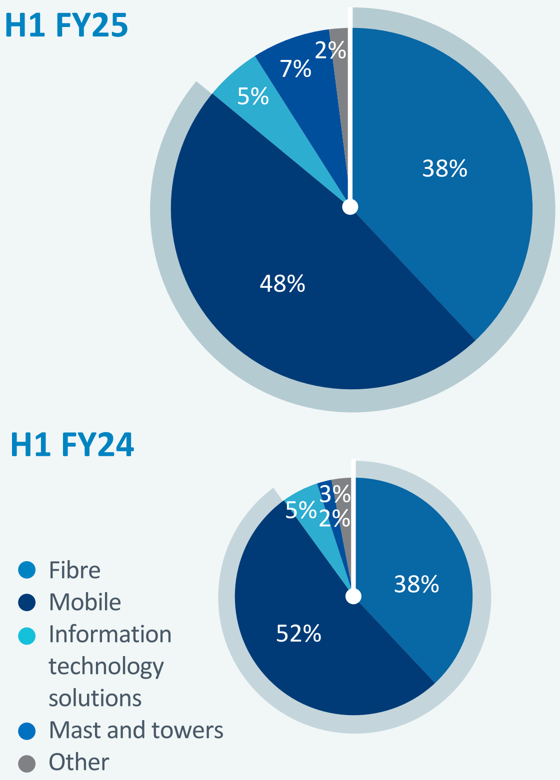
- Inventory management improved with the move from an own-inventory to a supply and install approach.
- Benefitting from the focus on cash collections
- Payable days within the targeted range

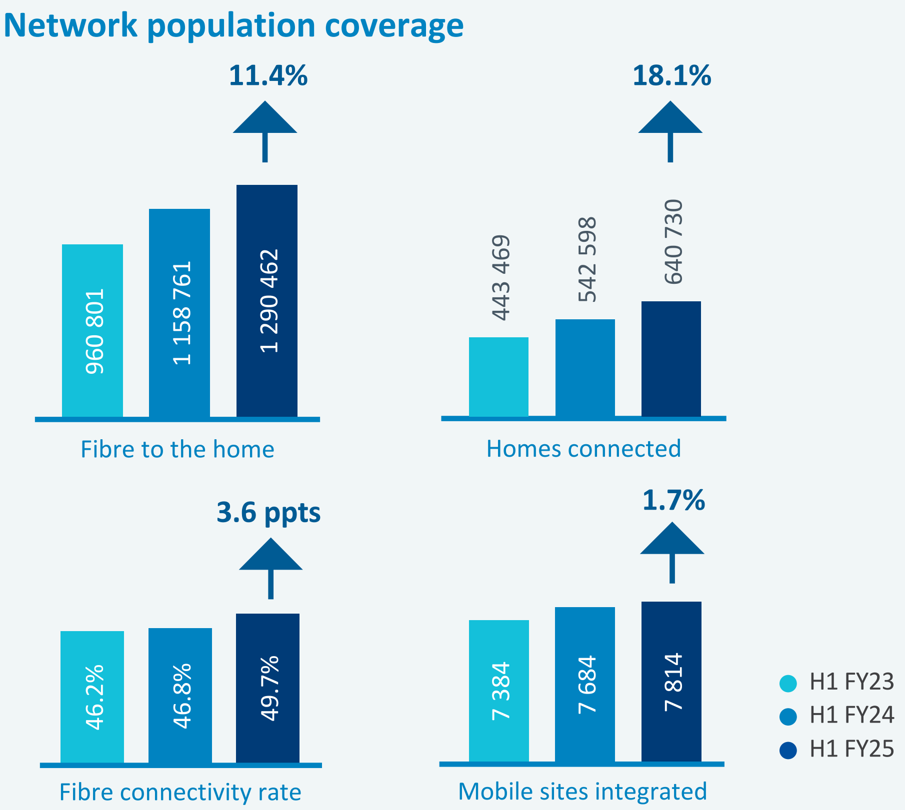
Capital expenditures allocated to growth areas and driving efficiencies

Capex spend and intensity



Capex investments allocation





Adopted a sustainable but flexible approach in reducing debt and gearing, while improving our liquidity

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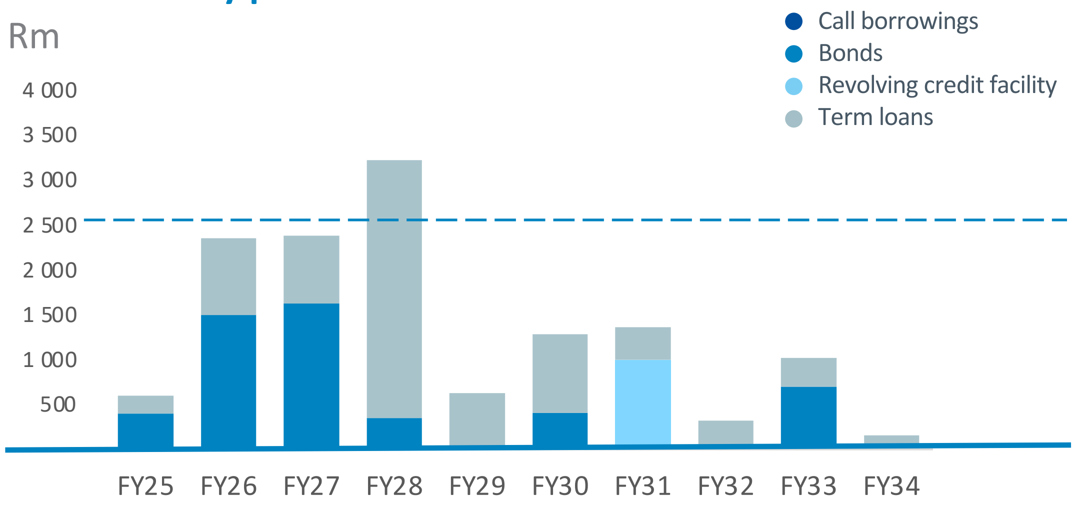
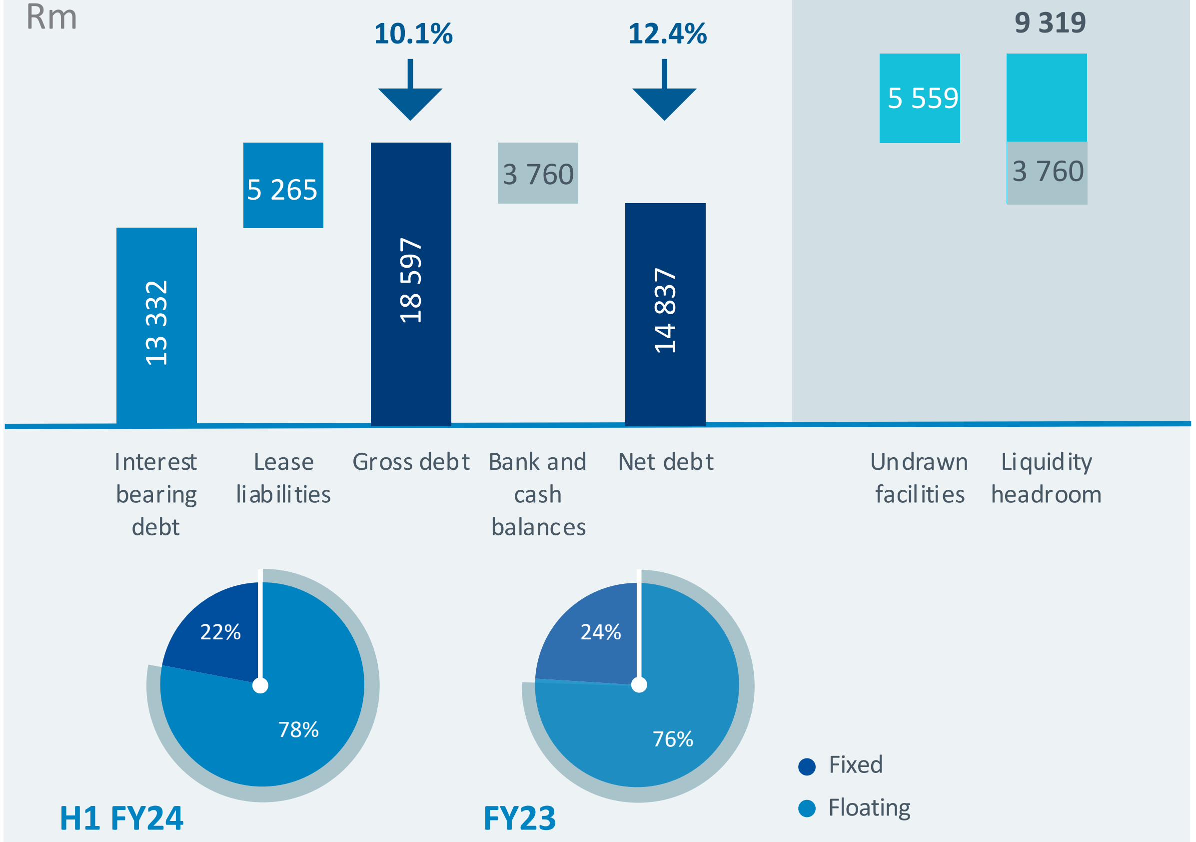
Continuing operations

Debt maturity profile



Credit matrix	Loan covenants	H1 FY25	H1 FY24
Net debt to adjusted EBITDA		1.3x	1.8x
Net debt to reported EBITDA	Not exceed 3:1	1.5x	1.7x
Average cost of debt		10.0%	10.0%
Interest cover Incl. IFRS 16	At least 3.5:1	5.9x	5.4x

Net debt and liquidity headroom



Medium term guidance maintained

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Inputs	Drivers	Medium term guidance FY23 – FY25 (CAGR)	H1 FY25 Reported*	Outputs
Annual strategic review	New revenue streams (Fibre, Mobile & IT businesses)	Low to mid-single digit Revenue growth	2.1% ✓	Sustained momentum
	Sustainable cost management program	Low to mid-single digit EBITDA growth*	2.1% ✓	
	Capex to fund growth	12 - 15%	12.6% ✓	
	Adequate balance sheet	Net debt to EBITDA of 1.5x – 1.9x	1.5x ✓	

* *Based on total reported operations which includes the impact of the restructuring cost and the TRF derecognition loss.*

Telkom

Outlook & Priorities

4

Serame Taukobong
Group Chief Executive Officer

Data-led strategy remains our focus

Telkom

Focus areas

Executing	**Disciplined execution of data-led strategy as OneTelkom** paves the way for improved shareholder returns
Smart investing	Smart investments to **capture opportunities** from healthy appetite for **seamless connectivity** in South Africa
Leveraging strengths	Actively **reshaping Telkom for the digital future,** building on our **core infraco strengths in mobile and fibre**
Momentum	Focus reaffirmed on **creating a sustainable, future-ready business**, for both our stakeholders and broader society

Thank you
Q & A

5 Annexures

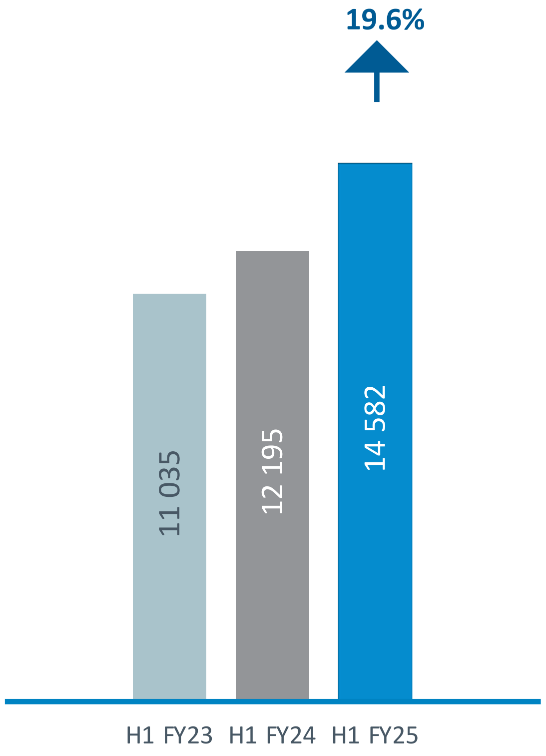
Telkom Consumer

Seamlessly connecting our customers to a better life

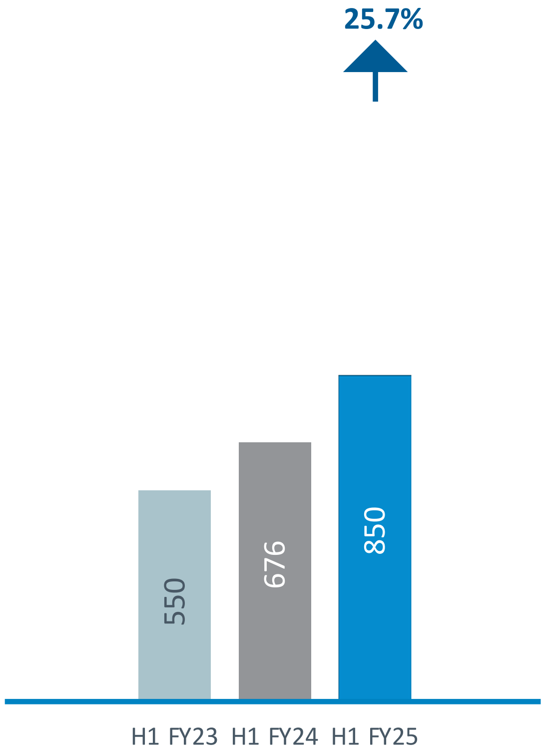
Mobile network designed to enable data-led strategy

Telkom Consumer

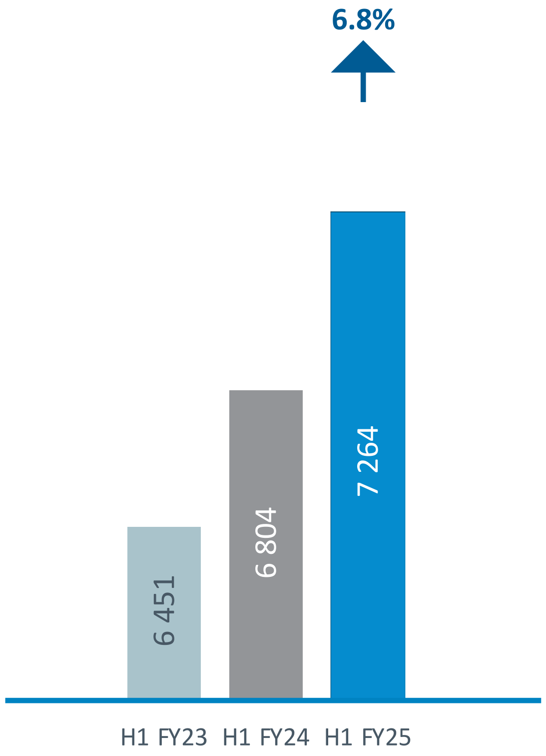
Broadband subscribers
‘000



Broadband traffic
Petabytes



4.5G integrated sites



Improved network coverage & capacity

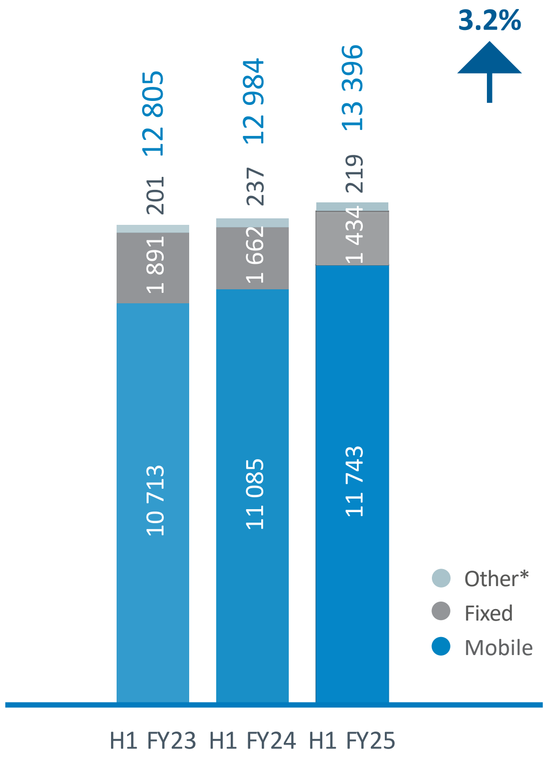
- **Extensive deployment of** Sub1Ghz
- **82%** - 4G population coverage
- **89%** - customers are 4G and 5G
- **58%** - voice customers on Voice over LTE (VoLTE)

NGN technologies driving growth

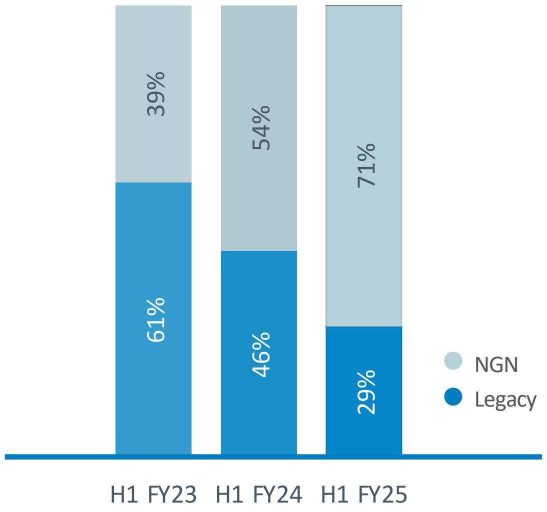
Telkom Consumer

Consumer Operating Revenue

Rm

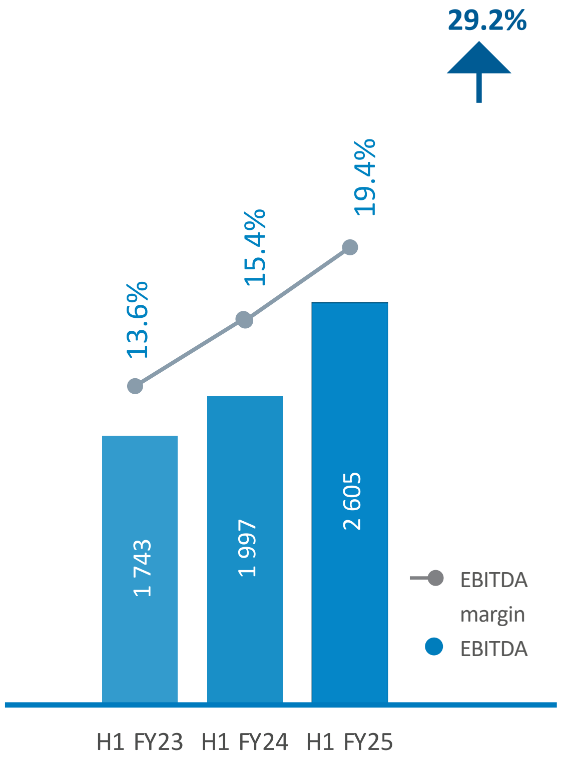


Fixed-line NGN vs legacy split



Consumer EBITDA/EBITDA margin

Rm



Revenue growing as anticipated:

- Consumer 3.2%
- Mobile service revenue 10.0%
- Mobile data revenue 12.7%
- Fibre revenue 18.2%

Mobile EBITDA margin in line with guidance of 25% by year-end Translating into a positive Consumer trajectory

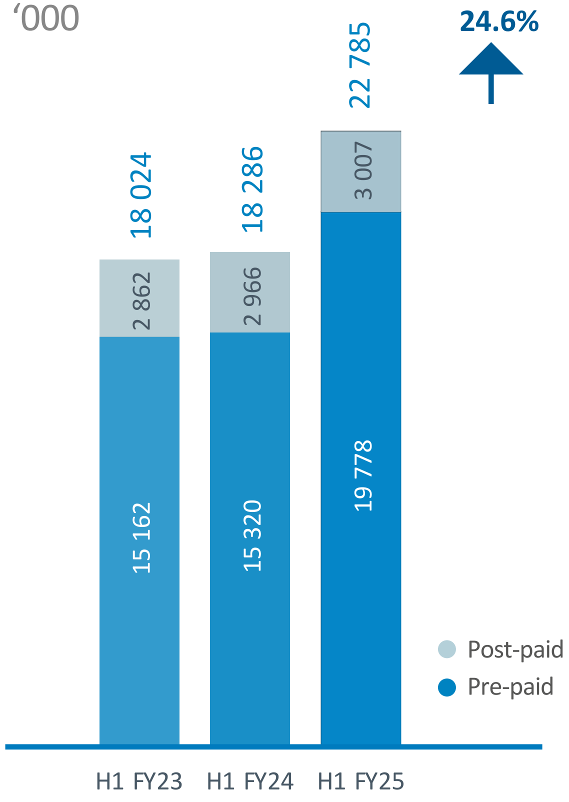
* *Insurance , Advertising & Internal revenue*

Growing customer base with stable prepaid ARPU

Telkom Consumer

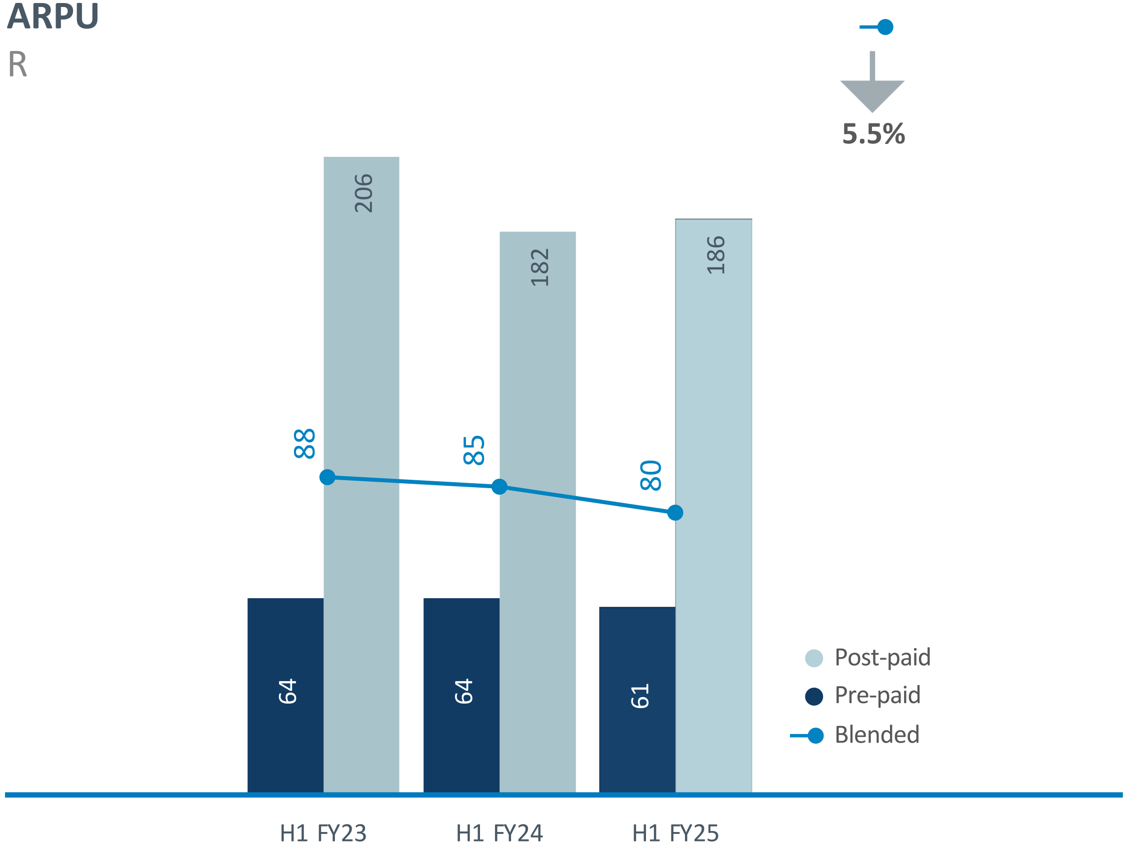
Subscriber growth

‘000



ARPU

R



Strong subscriber growth, supported by steady ARPUs

Mobile subscriber growth:

- Overall = 22.8m (24.6% increase)
- Post-paid = 3.0m
- Pre-paid = 19.8m (29.1%)

High 4G device penetration and growing 5G base

1%	6%	84%	9%
2G terminals	**3G** terminals	**4G** terminals	**5G** terminals

- **93%** of customers are 4G and 5G
- **66%** of voice customers on Voice over LTE (VoLTE)
- No legacy 2G network, all 2G terminals use roaming
- **6%** active 5G sites
- **83%** 4G population coverage
- **9%** 5G population coverage
- **85%** 3G population coverage

openserve

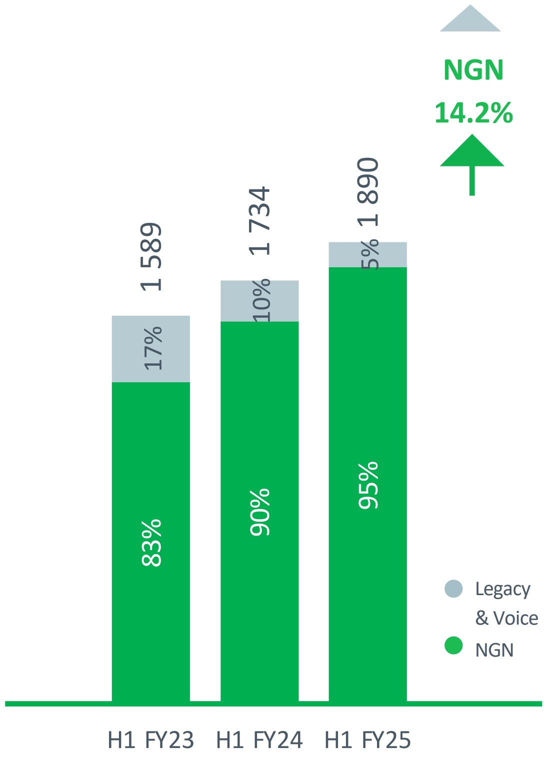
Seamlessly connecting our customers to a better life

Evolution of new generation revenue

openserve

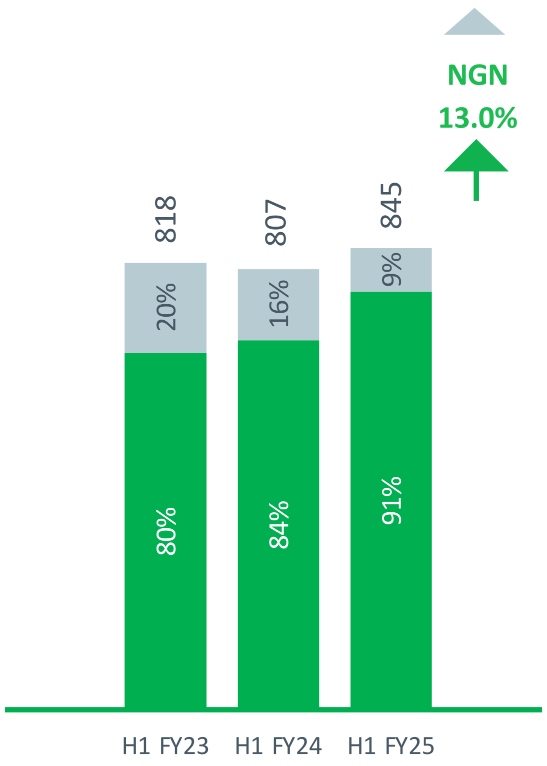
Broadband Revenue[1]

Rm



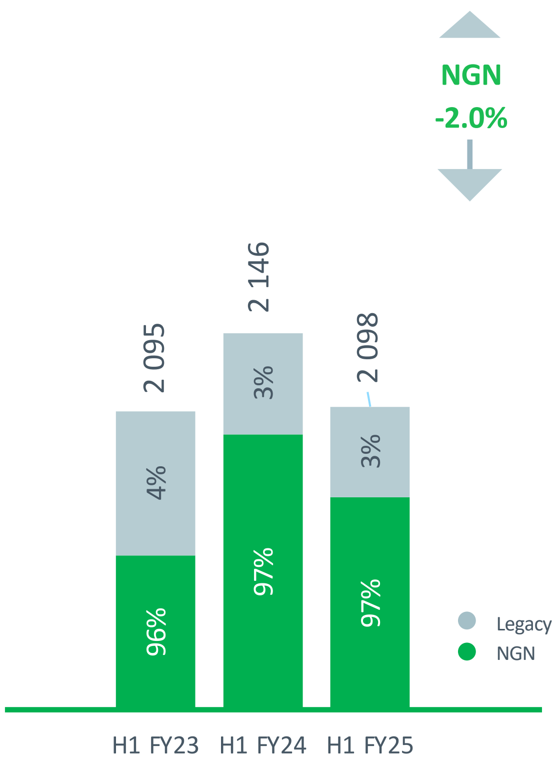
Enterprise Revenue

Rm



Carrier Revenue

Rm



Key highlights

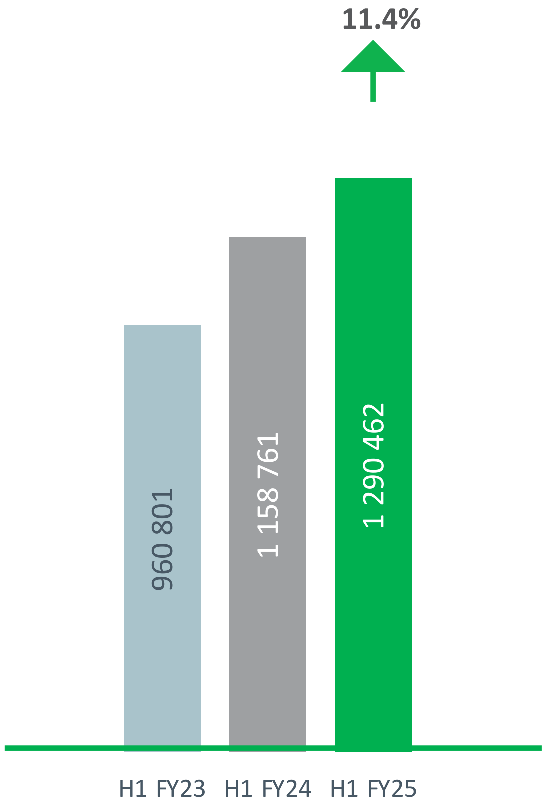
- Total broadband revenue increased by **9%** driven by continued growth in NGN broadband which grew by **14.2%.**
- NGN enterprise revenue increased by **13%** resulting in an overall increase of **4.8%** in enterprise revenue
- Overall carrier revenue decreased by **2.2%**

[1] *Inclusive of WebReach Revenue*

Connect-led strategy continues to drive the highest connectivity rate – 49.7%

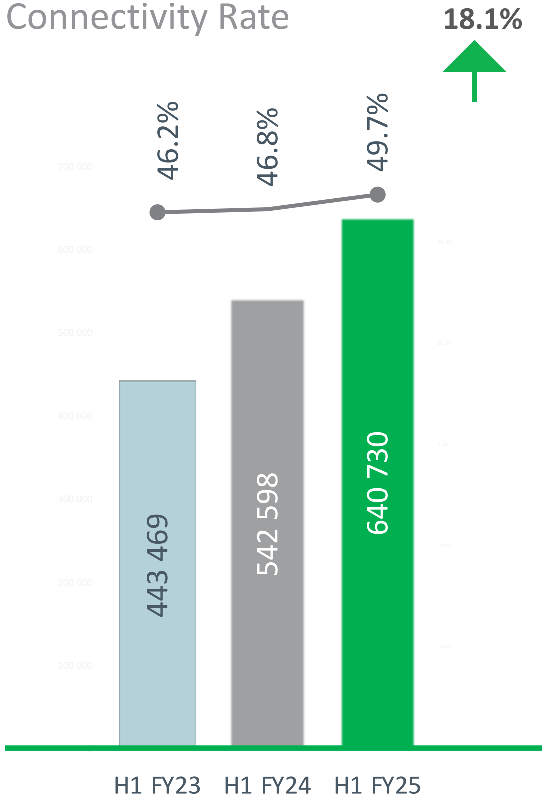
openserve

Fibre homes passed



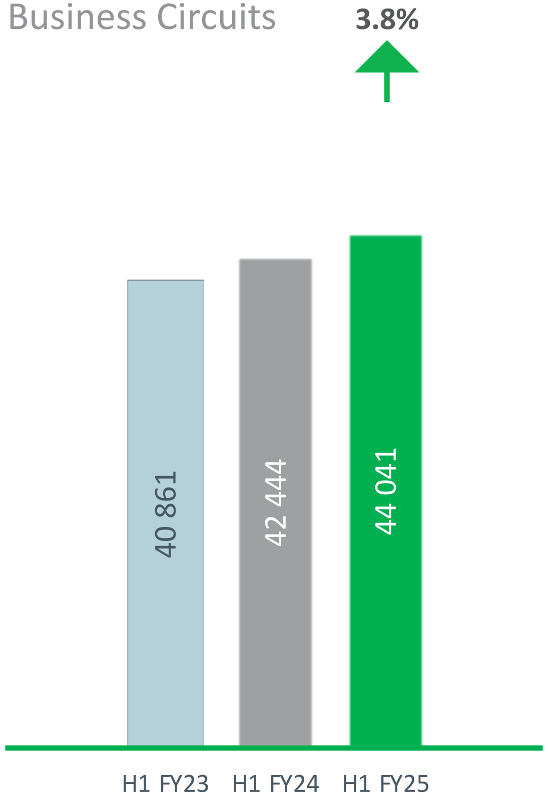
Fibre homes connected

Connectivity Rate



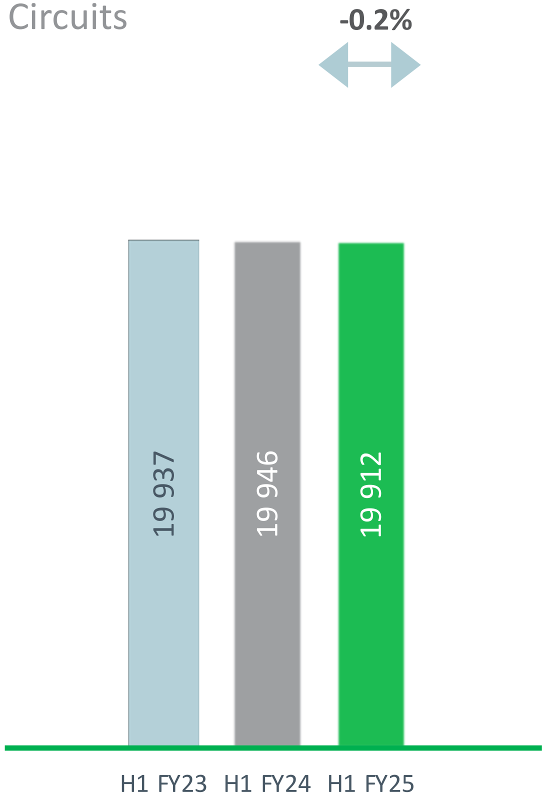
Enterprise[1]

Business Circuits



Carrier[1]

Circuits

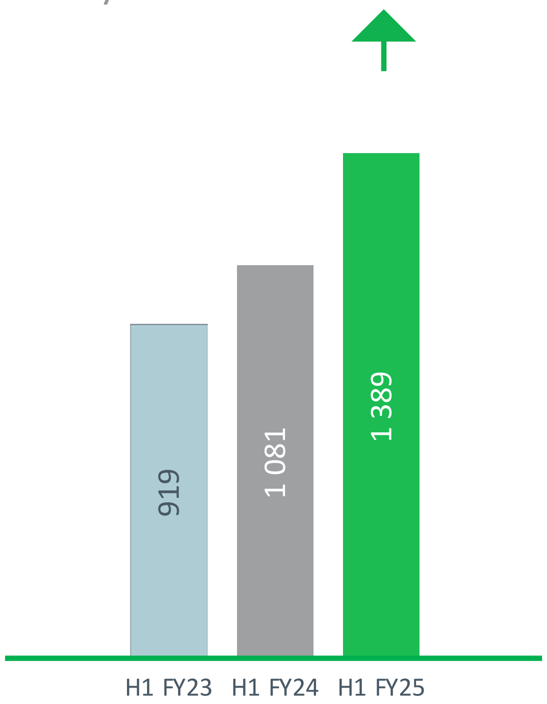


[1] *Segment lead approach*

Fixed broadband evolution

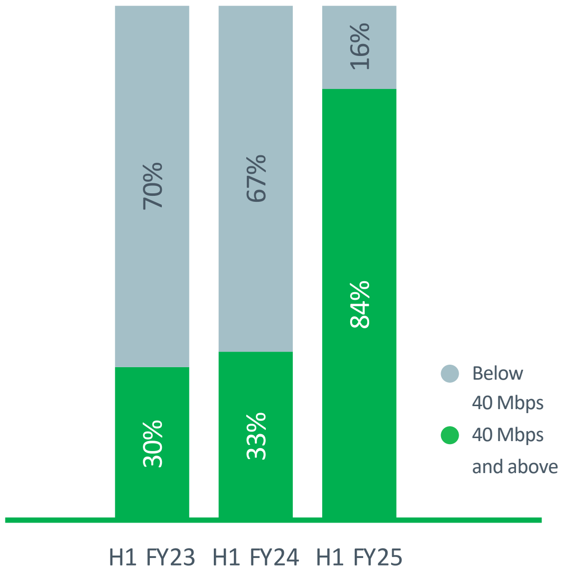
Fixed line broadband data consumption

Petabytes



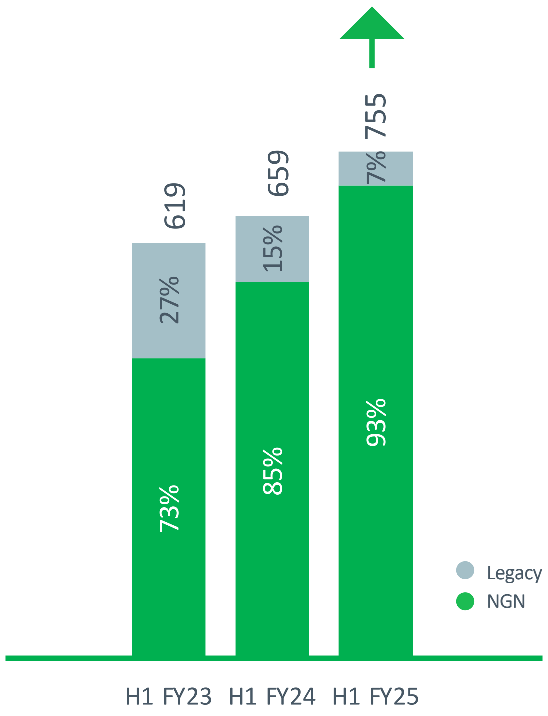
Fixed line broadband services

Services (‘000)



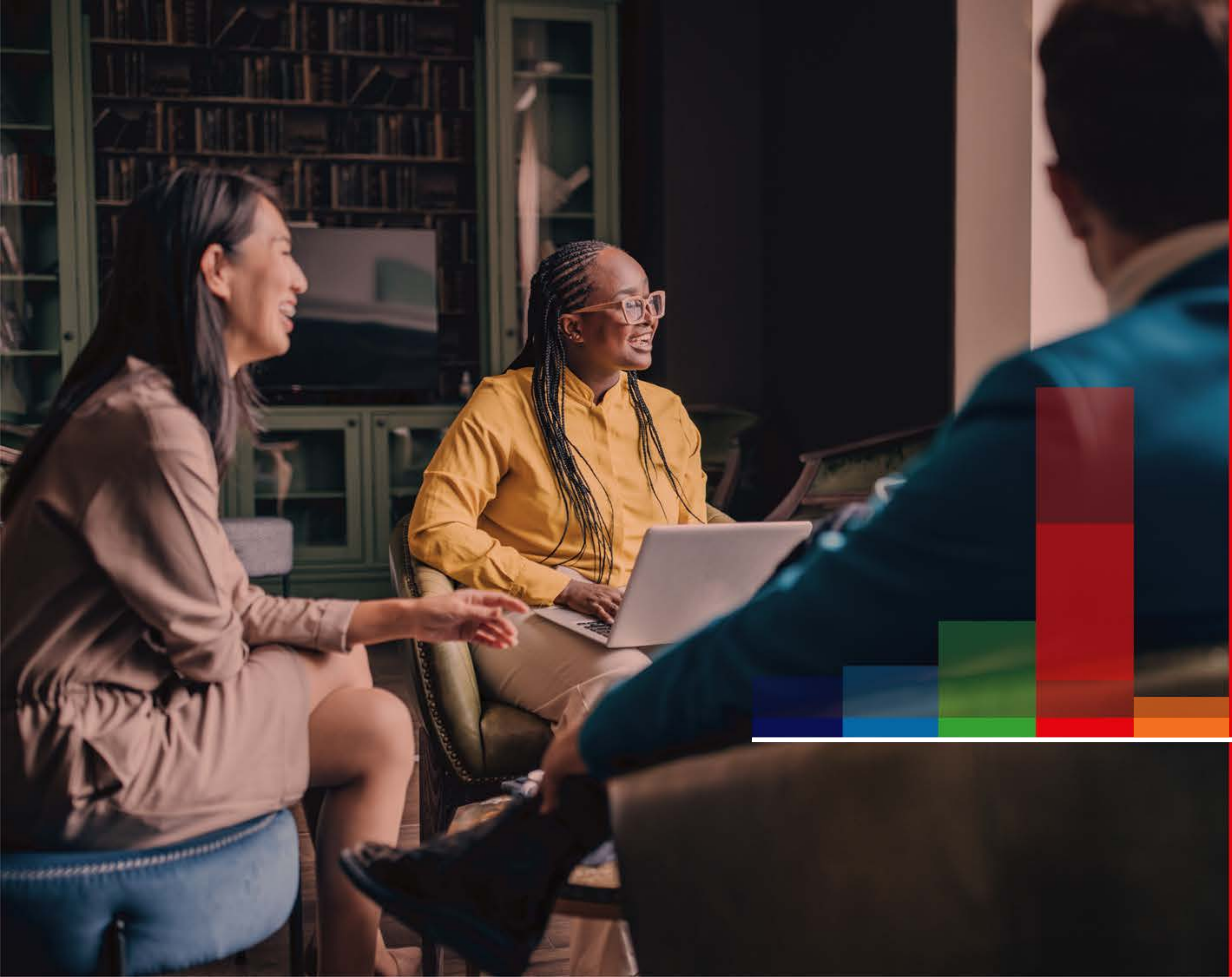
Fixed line broadband services

Services (‘000)



Key highlights

- Continued increase in data consumption, with a remarkable **28.5%** increase from the prior year
- Shift towards higher speeds with 40Mbps and higher now constituting **84%** of fixed line broadband services
- Fibre access services continue to increase with a YoY growth of **14.5%**

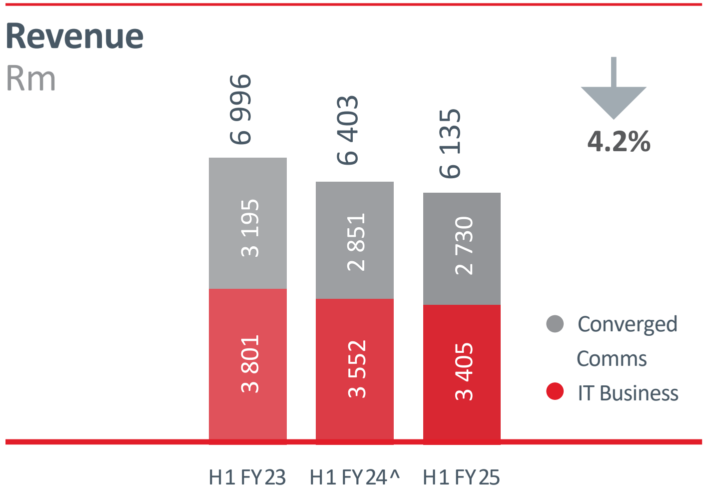


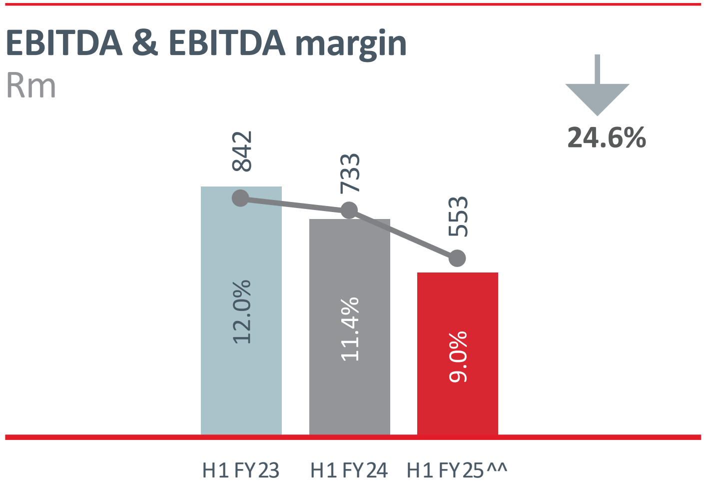
BCX

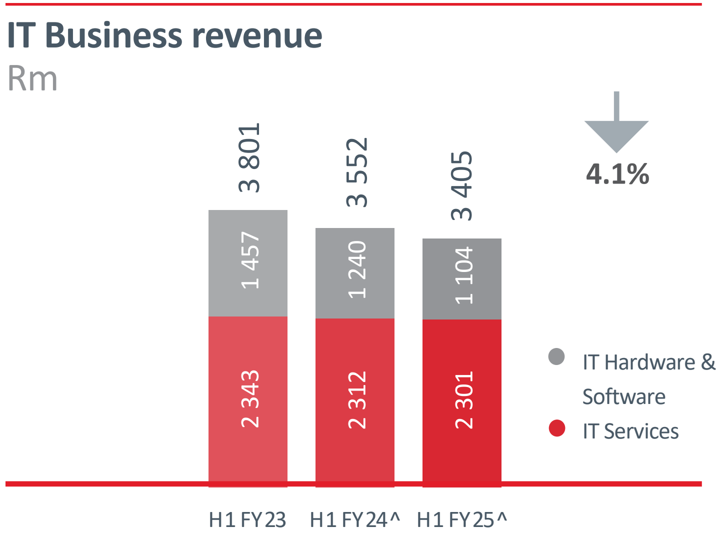
Seamlessly connecting our customers to a better life

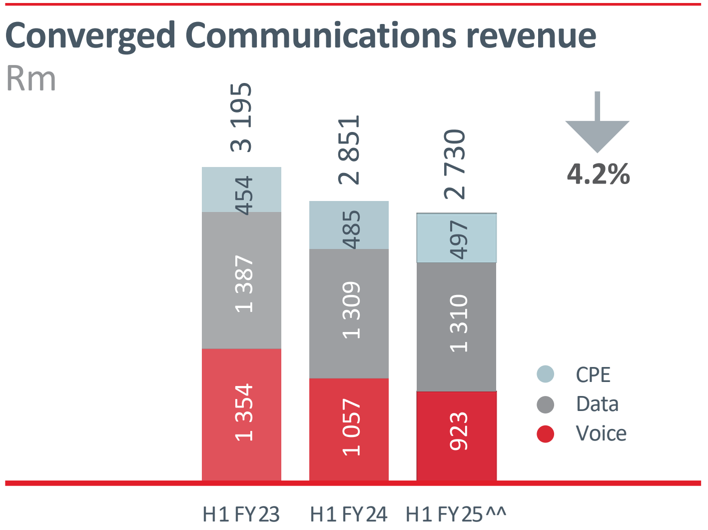
Revenue growth supported by IT Business growth

BCX









^ Restated for IFRS 15 agent accounting adjustment
^^ Adjusted for R157m restructuring costs